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# FINANCIAL TIMES

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## NEWS SUMMARY

**GENERAL**  
**Howell named on gift list**  
The name of Mr. Denis Howell, the Sports Minister, appeared in a gift list, it was claimed in an Old Bailey corruption trial.  
An alleged Christmas gift list showed that Mr. D. H. Howell MP received whisky, gin and sherry in 1983 and presents of cigars and cigarettes also appeared against his name. Mr. Justice Seldford Stevenson said.  
Mr. Anthony Cripps, QC, prosecuting, said it was not clear that the gifts were accepted by those named on the list. There was evidence that in some cases the names turned down gifts. He did not specify who had refused them.  
The trial concerns Mr. Alan Christopher Bryant, 53, chairman of Bryant Construction Group, Birmingham, who is accused of corruptly providing gifts and entertainment to win council contracts. Mr. Bryant pleads not guilty to two counts alleging conspiracy to corrupt.

Mr. Howell hosted a dinner in the City of London last night for European Sports Ministers who are attending an EEC conference. Page 8

**Rhodesia to free hundreds of detainees**  
Rhodesia's transitional Executive Council announced last night that several hundred black nationalist political detainees are to be released in the next week as a result of the internal settlement agreement. Further releases are to be withdrawn in 254 people who have been freed already. Back and Page 6

**Tougher migrant curbs rejected**  
The Government rejected the call from an all-party committee of MPs for tougher curbs on immigration including an annual quota system, postal control of entrants and a ban on child dependants over the age of 12. Back and Page 14

**Princess likely to resume duties**  
Princess Margaret, who has been ill with flu, is expected to resume public engagements as soon as she is well enough. Mr. James Callaghan, died with the queen and her guest, Dr. Kurt Waldheim, the UN Secretary-General, Wednesday night. The Treasury is to announce this year's total royal allowances today, but individual allowances may not be known for some months.

**Lebanon clash**  
Three Israelis were killed and four wounded in a Palestinian ambush near Tyre. Page 6

**Moro arrests**  
Italian police arrested three men and a woman near Naples who may be linked with the Red Brigades guerrillas who kidnapped Premier Aldo Moro.

**Parcel bomb**  
A parcel bomb—the third in three days—was delivered to a Londoner's home, it failed to explode.

**Briefly...**  
Mr. John Le Mesurier, the second to be questioned in connection with an alleged murder plot, left Bristol police headquarters after 25 hours.  
Elections in the two safe Conservative seats at Wycombe and Epsom and Ewell are to be held on April 27, bringing to four the total of elections in the next three weeks.

Mr. James Callaghan last night asked the Parliamentary Labour Party not to discuss the neutron bomb until next week.

The Booker Prize for fiction is to be raised from £5,000 to £10,000.

**CHIEF PRICE CHANGES YESTERDAY**  
Prices in pence unless otherwise indicated

Spices Sarcos	285	+ 9
Stothert and Pitt	170	+ 10
Tilbury Contracting	278	+ 14
Utd. Scientific	286	+ 12
Anglo Amer. Corp.	306	+ 8
De Beers Ltd.	322	+ 6
North British	110	+ 1
Pancontinental	410	+ 1
Peko-Walsend	455	+ 15
Union Corp.	284	+ 6

**FALLS**

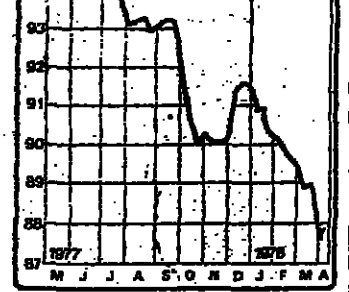
Aberthaw Cement	150	- 10
Albright and Wilson	107	- 7
Bowater	158	- 4
Channel Tunnel	55	- 6
Croda Intl.	50	- 4
Furness Withy	221	- 9
Manchester Garages	241	- 5
News Intl.	262	- 4
Savoy A	125	- 5
Smith (W. H.) A	147	- 10
Taylor Woodrow	870	- 12

**BUSINESS**  
**Equities rise 1.2; Canadian \$ rallies**

● **EQUITIES** made another firm showing, as optimism about the Budget continued to buoy up market sentiment. The leaders, however, finished below the day's best. The FT 30-Share Index, up 4.0 at 10 a.m., closed at 471.4, up 1.2 on the day.

● **GILTS** made modest gains, the FT Government Securities Index rising 0.17 to 74.23.

● **STERLING** edged down 5 points against the dollar to \$1.8740, but its trade-weighted index was unchanged at 62.2.



The U.S. dollar's trade-weighted depreciation widened to 6.42 (6.27) per cent. Canadian dollar recovered to 87.86 cents from its record low of 87.64 cents.

● **GOLD** closed \$125 higher at \$190.125 after nervous trading. U.S. has no immediate plans for gold sales. Page 4

● **WALL STREET** rose 87 to 753.95.

**UN disclosure plan opposed**

● **CAMPAIGN** is being mounted to try to prevent a special United Nations commission from adopting proposals which could force multinational companies to disclose more information in their annual reports—including data on employment, investment, and environmental matters. Back Page 9

● **FORD U.K.** made an "encouraging increase" last year on the record £122m. profit achieved in 1976, said Mr. Terry Beckett, the chairman and managing director. Page 9

● **PARTNERS** in the Beryl oil field in the North Sea have signed a State participation deal. Page 8. Lack of tax incentives could hold back development of small, marginally economic fields in the North Sea, says a Shell executive. Page 9. North Sea oil review, Page 15

● **BRITISH-AMERICAN Tobacco** will enter the U.K. cigarette market next month with a big promotional campaign. The move is expected to intensify the cigarette price war. Back and Page 16

● **EXECUTIVE** of the Civil and Public Services Association—the biggest Civil Services union—is recommending that its members accept a 9.5 per cent. pay offer. The move is likely to encourage other white-collar workers to conclude pay deals within the Government guidelines. Back Page 9

● **EUROPEAN OPTIONS** Exchange turnover increased on the second day of operations. Page 30. European Options Exchange prices, which will appear regularly in the Financial Times, are today on Page 39

**COMPANIES**

● **BOWATER** pre-tax profit rose 11 per cent. last year to £27m. Page 26 and Lex

● **CADBURY SCHWEPPE'S** made slightly higher pre-tax profit of £48.2m. (£46.4m.) last year. Page 25 and Lex

● **TAYLOR WOODROW** made pre-tax profit of £23.22m. (£21m.) last year. Page 25 and Lex

## Eastern Airlines in \$778m. deal for 23 Airbus

BY JOHN WYLES: NEW YORK, APRIL 6

The European aerospace industry to-day won its most valuable contract in the U.S. when Eastern Airlines announced it had signed a \$778m. contract to buy 23 of Airbus Industrie's A300-B4 passenger aircraft.

The deal is still subject to the approval of Eastern's lenders who were given details at a meeting in Miami this morning. However, both Eastern and the Airbus Industrie consortium are confident of acceptance because the financing terms clearly acknowledge that Eastern is one of the less financially robust of U.S. airlines.

Mr. Bernard Lathiere, president and chief executive of Airbus Industrie, claimed that the agreement was of "milestone significance."

The European consortium whose members include manufacturers in France, Germany, the U.K., Holland and Spain, believe that Eastern's decision to "go European" will unlock 20 other orders from U.S. airlines which have not made any significant purchases outside the U.S. for more than a decade.

To-day's announcement means made up largely of Boeing 727s that there are now 85 firm orders for the A-300 and 44 options.

Eastern has taken options on an additional 100 B4s and, surprisingly, has also placed options for 25 of the smaller A-300-B10 design which is on the consortium's drawing board awaiting a national policy decision to build.

Eastern first expressed interest in the A-300 last spring and subsequently look four of the aircraft on a six-month lease last December, at virtually no direct cost.

Mr. Frank Borman, the airline's chairman, who is a former astronaut, spoke glowingly of his experience with the Airbus. "No new aircraft ever placed in service by Eastern has functioned, from the outset, with a few mechanical problems and other slight delays such as the A-300," Mr. Borman said.

He then stressed one of the aircraft's strongest selling points: "The aircraft has operated at a fuel economy 30 per cent. better than our fleet of smaller three-engine jets on a seat-mile basis, and has proved to be 20 per cent. better in costs per aircraft-mile than our large three-engine wide-bodied equipment."

Eastern's existing fleet is made up largely of Boeing 727s and Lockheed TriStars.

About \$525m. of the cost will be externally financed.

Albus Industrie has agreed to arrange \$250m. ten-year export credit financing through Euro-credit banks which will be guaranteed by individual national export credit guarantee agencies.

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## Output of ICI workers attacked

By Kevin Done, Chemicals Correspondent

THE LABOUR productivity of Western Europe's biggest chemical manufacturers is up to 50 per cent. better than that of Imperial Chemical Industries, Britain's largest industrial group. The company has told its employees that its record is even worse if compared with big U.S. producers.

Mr. Bob Haslam, ICI's main Board director with responsibility for personnel, told a meeting of the monthly-paid staff that in terms of sales value per employee ICI sold £23,000 compared with its European competitors' record of £30,000 to £35,000 per employee.

U.S. competitors were selling £35,000 to £45,000 per employee, he told members of the central business and investment committee.

In a report in an ICI staff newspaper, Mr. Haslam says that productivity of overseas chemical companies is "improving at an average rate of 6 per cent. per annum, so we are shooting at a moving target. In order to close the gap we have to aim at a 10 per cent. per annum rate of improvement."

Such a target did not represent a dramatic change from what had been achieved in the past, but the effort could not be relaxed. ICI's one continuing concern was to improve productivity to the same levels as its competitors.

But, according to chemical industry trades union officials, ICI's record is bad judged by this criterion, because its wage rates are the lowest of all the big multinational chemical companies in Europe and the rest of the world.

Mr. Roger Ward, a national negotiator for the Association of Scientific, Technical and Managerial Staffs, said last night: "If ICI paid more, and paid as much as its international competitors, it would get higher productivity. We are offering them higher productivity, but they are turning it down, because they refuse to enter talks on planning agreements with the unions as part of the industrial strategy."

Mr. David Warburton, national chemicals officer of the General and Municipal Workers' Union, said: "If you just take this one comparison it looks a bit sick, but you must take other factors into account. West German chemical companies are complaining about unfair competition from ICI because its labour costs are so low."

U.K. chemical output Page 8

## SUITS 'no' to offer from Lonrho

BY ANDREW TAYLOR

THE BOARD of Scottish Universal Investments last night rejected by a single vote a takeover offer worth £41m. from Lonrho, the international trading company headed by Mr. Tiny Rowland.

Sir Hugh Fraser, former chairman and now vice-chairman of SUITS, voted in favour of the deal.

The Board was split three to two over Lonrho's offer, with Sir Hugh—who last year faced sharp criticism from the City and institutional investors over the sale of his 24 per cent. stake in SUITS to Lonrho—supported by Mr. James Gossman, an executive director of the group.

Mr. Rowland, who became chairman of SUITS with the purchase of Lonrho's holding from Sir Hugh Fraser in March last year and two other Lonrho directors who joined the board at the same time were absent from yesterday's Board meeting, which sat in discussion for eight hours.

The members of the Board rejecting the offer, including Mr. Hugh Laughland who was appointed chief executive 14 months ago, were supported by SUITS financial advisers, merchant bankers Charterhouse Japhet and stock brokers Grieve Grant. Lonrho said it would not proceed with a bid unless the SUITS Board agreed.

Lonrho, which already has a holding of 29.24 per cent. in the whisky-to-newspapers group, is bidding 11 of its own shares for every six SUITS shares, which were suspended yesterday at 107p. The offer values SUITS shares at 133p each, on the basis of last night's Lonrho price of 73p.

Charterhouse Japhet said last night there had been no Boardroom row. The bid had been rejected because it undervalued the group and because no cash alternative had been offered.

Lonrho said there would be no comment until the Board had the opportunity to consider the rejection.

SUITS owns the Glasgow Herald and Glasgow Evening Times newspapers and a string of Scottish weekly papers as well as whisky interests under the Whyte and Mackay subsidiaries and just over 10 per cent. of House of Fraser.

The rejection marks the latest development in a chequered relationship between SUITS and Sir Hugh Fraser and Lonrho. Last year the group's previous merchant bankers, Robert Fleming, resigned in protest at Sir Hugh's sale of his 24 per cent. stake for £7m.—or 85p a share. It had advised against the sale.

At the time some institutional investors considered the sale prevented a possible bid for the whole group.

Sir Hugh and five other businessmen, including Mr. Gossman, face charges under the Companies Act involving more than £5m. in connection with entries in SUITS 1975 annual accounts. All are charged that at the SUITS annual meeting in September, 1975, they put forward a balance-sheet which did not give a fair and true view of the affairs of their company.

A successful bid for SUITS would increase Lonrho's 19.33 per cent. stake in House of Fraser to more than 29 per cent.—just below the 30 per cent. level at which it would have to make a full takeover bid for House of Fraser under City Takeover Panel rules.

SUITS will apply to have its shares restored to the Stock Exchange listing before dealings begin to-day.

Lex Back Page

£ in New York

April 5

Previous

12 months

6 months

3 months

1 month

1 week

1 day

1 hour

1 minute

1 second

1 millisecond

1 microsecond

1 nanosecond

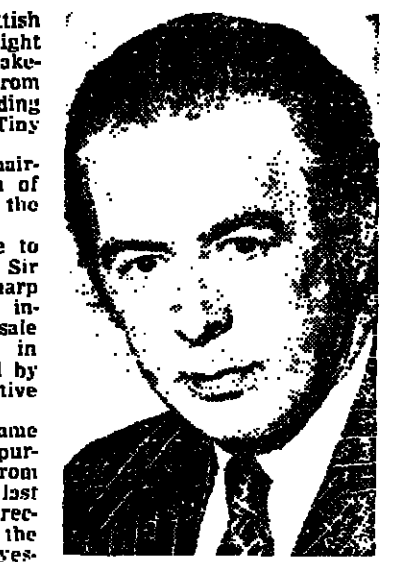
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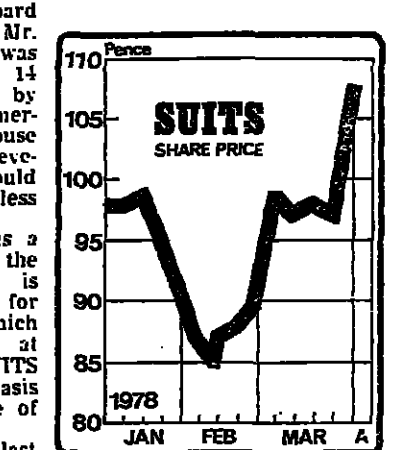
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Sir Hugh Fraser, voted in favour



SUITS SHARE PRICE

## EEC to discuss greater currency stability to-day

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

WAYS OF promoting a return to greater currency stability in the EEC are to be discussed to-day by the twelve member states.

Mr. James Callaghan is expected to urge his colleagues to commit themselves to agreeing on the main outlines of their joint contribution to the planned recovery package by the time they next meet in Bremen, two weeks before the Bonn "summit."

The view is growing that West Germany can be persuaded to boost its economy significantly only if currencies stabilise. Herr Helmut Schmidt, West German Chancellor, is expected strongly to emphasise the need to end the present world monetary disorder stemming from the depreciation of the dollar.

It is hoped that in Bonn the world's major industrialised powers will endorse a package of co-ordinated measures to stimulate economic recovery.

There are strong pressures on the Nine to enter the Bonn meeting united behind a common position.

But despite clear signs that growth in the EEC is faltering, they have failed so far to agree on any concerted new reflationary measures, largely because of West Germany's refusal to contemplate a boost to its economy before next month at the earliest.

Chances of resolving these differences at the Copenhagen economy remains fragile.

Editorial comment Page 22

## Pay row halts oil platform

BY NICK GARNETT, LABOUR STAFF

CONSTRUCTION work on one of the three oil platforms in the 24,000 ft. Ninian field project in the North Sea has been almost totally halted by an industrial dispute over bonus payments for craftsmen.

More than 500 men stopped work and left the Ninian Southern platform, 105 miles north-east of Shetland, earlier this week. The rest of the 1,100-man workforce are understood to be still on the platform and not in dispute.

Chevron, the operator for the oil field, third largest in terms of recoverable reserves in the North-Sea's U.K. sector, is aiming to start oil production from Ninian in the autumn.

Oil company officials believe that if the dispute continues much longer the start of production might have to be postponed.

Some of the workers involved are employed by Seltruis Offshore, a managing contractor for the platform's final assembly. But most of them work for Wilson Walton, sub-contractors to Seltruis.

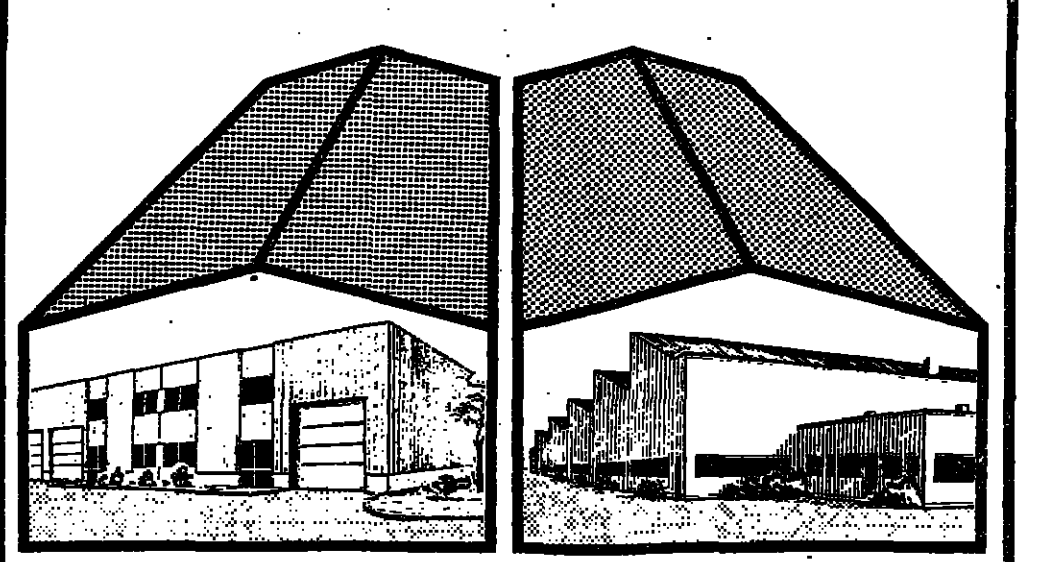
The craftsmen, welders, electricians and fitters, have been seeking a £2,000-a-man completion bonus together with a work roster involving two weeks on, two weeks off, instead of the present 20 days on, 10 off.

It is thought this could be in breach of the "book-in" or final completion agreement the men have signed.

The dispute is believed to be the biggest so far on a North Sea oil platform. Last year more than 100 engineers were taken off the Shell-Esso Dundee platform in a dispute over the recognition of a shop stewards committee.

The main platform, Ninian Central, is due to be floated out to the field later this year. Peak flow rates from Ninian are expected to be between 300,000 and 400,000 barrels a day.

## Industrial Property in France



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## EUROPEAN NEWS

## Prime Minister Barre divides the Finance Ministry to make it easier to rule

BY DAVID CURRY

THE PRE-EMINENCE in power and prestige of the bureaucracy is a fact of life in France. And the most influential of the bureaucracies is the Ministry of Finance—an administration which is referred to as "a state within a state," and frequently less politely.

The decision of President Giscard d'Estaing and M. Raymond Barre, the Prime Minister, to divide the Ministry of Finance is, therefore, dramatic because the creation of two successor ministries—Economic Affairs and Budget—implies that the long reign of Finance is over.

Yet it is also very limited

because the intention is quite clearly not to create ministries significantly less influential than the old Finance Ministry.

The key is M. Barre himself. The Prime Minister has made it clear that he remains the overall economic supremo, and the economic recovery programme remains a priority.

But M. Barre could not continue to combine the job of Prime Minister with that of Finance Minister in a government which had the task of broadening its horizons beyond the primarily pre-electoral economic task of his first two administrations.

What he has done, in business terms, is to introduce a new party structure. The Finance Ministry had, in fact, become a new holding company with its headquarters at his residence, the Hotel Matignon. Its operating functions have been assumed by two subsidiaries—Economy and Budget—under competent managing directors, who are both experts in the details of budgetary and financial affairs but who will not challenge M. Barre's right to set overall strategy.

M. René Monory, who goes to Economy, is a busy 56-year-old who joined the Government a year ago as Industry Minister. A manager himself with a modest

agricultural machinery business, he learned the small print of fiscal affairs at the Senate Finance Commission. It was assumed at the time that this unknown, who possessed solid good sense and a marked lack of enthusiasm for government schemes of large-scale sectoral restructuring had been brought in to reassure employers—particularly small businessmen and the self-employed.

M. Monory carried out this mandate briskly. While the grandiose schemes of industrial engineering remained by and large in his pending tray, small businessmen and tradesmen benefited from a range of improved fiscal, pension and

financial measures, while he had emphasised the need to decoke the channels of industrial finance.

In short, M. Monory may be well-placed to persuade industry that the Government understands its need for the restoration of profitability and price freedoms, while going more slowly in this direction than industry would like.

The new Budget Minister gets his first portfolio at the age of 67. M. Maurice Papon has been close to the centre of power under three Republics. Up to the Second World War, he was a senior civil servant in a number of ministerial Cabinets. Post-war, he embarked upon a career as a

Prefect, which notably saw him in service in Algeria, before he became the Prefect of Police for Paris in 1958.

In that capacity, he had responsibility for law and order during the disturbances of the Algerian take-over and the subsequent Ben Barka affair. He became a Gaullist M. in 1967, took charge of Gaullist funds for the party Central Committee, and in 1972 took over the chairmanship of the National Assembly's Finance Commission—with M. Monory, his opposite number in the Senate.

M. Barre's general supervision of the economy was not as intense with Presidential promises.

PARIS, April 6

## Composition of Cabinet shows limits for Giscard

By Robert Marthois

PARIS, April 6

THE COMPOSITION of the French Cabinet, formed yesterday, clearly reflects the limits to President Giscard d'Estaing's much-publicised policy of achieving a greater political consensus through a more balanced Government.

Faced with the unwillingness of the Gaullist Party, still the largest group in the National Assembly, to co-operate with left-wing opposition groups, the President's determination to remain in office, the President has been obliged to rely to very much the same mix as before.

The obstacles to the President's policy of "overturning" have been as much economic as political. Having decided to persevere with Prime Minister Raymond Barre's economic stabilisation policies, notably tested by even the moderate members of the Gaullist Party, M. Giscard d'Estaing automatically restricted the range of his choice of Ministers.

In the event, the President and Prime Minister have essentially stuck to the old team, to mark their appreciation of its loyalty and effectiveness because it won the voters' confidence in the General Election last month.

Though the new Cabinet is predictably dominated by President Giscard's own supporters, the Ministers, including M. Barre, belong to the reformed Union for French Democracy (UDF), and four of the so-called "President's Ministers" are Gaullists well represented.

With seven Ministers, joined with four in the Administration, they hold three of the main Minister portfolios. But the bare figures are misleading because the Gaullist Ministers are enthusiastic supporters of Party leader M. Jacques Chirac and will not necessarily follow the Party line.

Moreover, the Gaullist Party recently amended statutes to bar members of Government from holding office in the Party's bodies, a move intended to ensure the RPR's freedom of action. M. Chirac has made it clear that the RPR support the Government's policies only when these correspond to the Party's own policies.

## SOVIET FREIGHT RATES

## Community may act on undercutting

BY MARGARET VAN HATTEM

BRUSSELS, April 6

THE EEC COMMISSION, alarmed by the growing Soviet domination of international shipping, has proposed co-ordinated action by member states in an attempt to counter heavy undercutting of freight rates by the Russians in third country trade.

Proposed sanctions would include limits on the amount of cargo carried to and from the Community ports in Comecon vessels.

The Commission to-day accused the Soviet Union of "aggressive non-commercial behaviour," particularly in third country trade, against which Community

shipowners cannot compete. Commission officials suggest it is able to do this partly because of the virtual monopoly it enjoys in bilateral trade with the EEC. By insisting that most Soviet EEC trade be allocated to Soviet ships, the USSR has captured 95 per cent of the shipping and hence is under no pressure to keep its rates low in Europe.

State trading (Communist) cargo liners, which operate outside the liner conferences and are therefore not bound by their minimum rates, have already captured 18 per cent of east-west and 22 per cent of west-bound traffic in the North Atlantic, the Commission says.

Between Northern Europe and the West coast of South America, they account for about 25 per cent of traffic. 20 per cent between the Gulf of Mexico and the Mediterranean, 20 per cent of Europe-East Africa trade, and 12 per cent between Japan and the U.S. West Coast.

Though these percentages are far lower than in bilateral EEC-Soviet trade, the volumes carried are much higher. The Commission is mindful of the Community's chronically under-utilised cargo liners and idle shipyards, the Commission has proposed setting up co-ordinated Community monitoring procedures to follow the activities of liner operators

of state-trading countries using EEC ports. Should these operators be found to be operating on non-competitive terms, the Council of Ministers would be able to take counter action, such as limiting cargo quantities loaded or unloaded in EEC ports.

Although several member states already have individual legislation providing for such action, the Commission feels action at Community level is needed to overcome competition between different EEC ports which the USSR has, up till now, been able to exploit.

The proposals will go before the Council of Transport Ministers on June 12.

## Italy 'not opposed' to EEC entry by Greece

Mr. Constantino Karamanlis, the Greek Prime Minister, said yesterday he had found no opposition from the Italian Government to the Greek request to the EEC, writes Paul Betts in Rome. The statement followed talks with Sig. Giulio Andreotti, the Italian Prime Minister. Mr. Karamanlis is on a 24-hour working visit to Rome as part of a broader European tour to seek support for Greek membership of the EEC.

Greece is currently hoping to obtain full EEC membership by 1980. But while Italy at present feels that enlargement could help reduce substantially the imbalances in respect of the northern block of EEC member states, it is also concerned about the possible threat to its Mediterranean countries could pose to its economy, in particular the agriculture of Italy's south.

Socialist chief re-elected

The Italian Socialist Party's central committee yesterday re-elected its moderate leader, Sig. Bettino Craxi, as party secretary. Reuter reports from Rome. Sig. Craxi has supported moves to bring the Community Party into a new emergency government and to share responsibility for unpopular austerity policies, but has criticised the Communists for failing to reject the policies of their comrades in Eastern Europe.

Bombings in Rome

At least five bombs exploded in Rome early yesterday, damaging a city centre branch of the Bank of Italy and a suburban car showroom. Reuter reports. Other bombs blasted apart three parked cars.

N. Sea workers' tax

British offshore oil and gas operators working in the Norwegian sector of the North Sea continental shelf will become liable to Norwegian taxes under an agreement between the two Governments. Their British employees will be similarly affected. Britain will have reciprocal rights regarding Norwegians operating or working in the British sector.

Portuguese strike

Portuguese civil servants struck for the second time in a month yesterday over pay grievances but called off threatened demonstrations outside Parliament during a budget debate. Reuter reports from Lisbon. A spokesman for 23 civil service unions, representing 300,000 workers, said the demonstration had been cancelled because of an official ban and to avoid clashes with police. Portugal's 100,000 teachers decided against joining in the nation-wide strike called by the civil servants.

Brezhnev tour

Soviet President Leonid Brezhnev, who has toured Siberia by train for the past ten days, arrived in the Far Eastern port of Vladivostok yesterday, according to agency reports from Moscow.

## Portuguese industry warns on deflation

BY JIMMY BURNS

LISBON, April 6

THE CONFEDERATION of Portuguese Industry (CIP) has warned the Government that its deflationary policies will result in increased inflation, unemployment and "not necessarily a reduction in the current annual trade deficit."

In a brief document made available on the first day of parliamentary debate on the budget and general economic plan for 1978, CIP states that the proposed reduction in the current trade deficit "implies an exaggerated reduction in imports—5 per cent in real terms—which is incompatible with the growth that is expected in exports and investments."

The restriction of credit included in the Government's policies, the document adds, will threaten the survival of many companies, which will make a rise in the level of unemployment almost certain.

The Confederation, which represents 36,000 private com-

panies (many of which are small) and accounts for more than 85 per cent of Portuguese exports, seriously questions the sincerity of the present Government's promises that the private sector is about to become the main stimulus of the economy.

In a thinly veiled reference to the large nationalised petrochemical complex of Fine Sines, the document urges the Government to abandon "those ambitious and potentially ruinous projects in which the public sector is involved," and to give clear unequivocal rules for the re-launching of the private sector in the Portuguese economy.

Meanwhile, this afternoon, Mr. Victor Constantino, Minister of Finance, opened the debate on the Budget and Government plan, and admitted that differences between the Government and the International Monetary Fund over the level of increase in the bank lending rate were still persisting.

## Suarez appeals for a political truce

BY OUR OWN CORRESPONDENT

MADRID, April 6

IN HIS FIRST speech to the Spanish Parliament this year, Sr. Adolfo Suarez, the Prime Minister, appealed to all political parties to put aside party politics until after the new democratic constitution was approved, which would replace Franco's laws, must be given first priority and "that, during this present transition period, consensus policies must be continued."

A failure to do this would throw into danger the consolidation of the democratic process, he said.

Recently the Left, mainly the Socialists, has started to criticise the Government more strongly. Last month the Socialists withdrew from the inter-party committee responsible for drafting the constitution over certain clauses. However, they withdrew, knowing that the constitution was almost finished. The draft is due to go before Parliament shortly.

In his 70-minute speech to the Congress, which was warmly received by his ruling Centre Party but not by the other parties, the Prime Minister glossed over most of the points on which the Opposition has attacked him.

Indeed, the very reason for the speech was hardly touched on. The Prime Minister was called on to speak to the Congress after the explanation, given

in March, by the deputy Prime Minister, Sr. Fernando Abril Martorell, over the reasons for the Government change was rejected by a majority vote.

The Prime Minister limited the scope of the Government because he had said that the Government would be even more scrupulously adhered to. The Left claims that the Government is backing down on some points like taxation.

After the constitution was approved a more normal political life would begin, he said, but until then he asked for patience.

Sea talks move

A procedural deadlock which has blocked all work on substantive issues in the third United Nations Conference on the Law of the Sea, was overcome on Thursday, David Egil writes from Geneva.

A vote narrowly confirmed Mr. Hamilton Shirley Amerasinghe of Sri Lanka as Conference chairman despite the contention, essentially from Latin American countries, that he could no longer fulfil this function as he was no longer a member of the Sri Lanka delegation.

## Europe house finance plan

BY OUR FOREIGN STAFF

EARLY IN 1979 the EEC Commission hopes to present a proposal to create a Europe-wide cross-border lending for housing, housing finance market. Mr. These, he admitted, were not Christopher Tugendhat, the Commission responsible for financial institutions, said in London Council of Ministers passed last yesterday. He was speaking at a U.K. Building Societies lunch.

Mr. Tugendhat said the legislation, which should be short and

simple, was needed to meet the mission of the Commission in regulating postal to create a Europe-wide cross-border lending for housing, housing finance market. Mr. These, he admitted, were not Christopher Tugendhat, the Commission responsible for financial institutions, said in London Council of Ministers passed last yesterday. He was speaking at a U.K. Building Societies lunch.

Technical problems included a common definition of housing finance institutions

## French military advisers sent to reinforce Chad

BY DAVID WHITE

PARIS, April 6

FRANCE HAS been reinforcing its military presence in the African Republic of Chad over the last few weeks following territorial gains by anti-government forces in the north of the country.

It was confirmed here that France now has almost double its original contingent of 310 military advisers, who were sent to Chad under a 1976 bilateral defence pact.

The agreement was made between Gen. Felix Malloum, head of the regime which overthrew President Tombalbaye in April 1975 and the then French Prime Minister, M. Jacques Chirac.

The Defence Ministry here denied France had any combat troops in Chad, following a Press report this morning which claimed that the equivalent of a battalion of French troops was now deployed there.

Observers here, however, believe the accord is as fragile as the one signed a few weeks earlier between Gen. Malloum and one of the rebel leaders, M. Hissene Habre.

Prolonged fighting in northern Chad appears to have given rebel forces control of the region around Faya-Largeau, a strategic air base. In January, Frolinat forces claimed to have shot down a transport aircraft, killing three French air force personnel.

Rebels also captured a young Frenchman and a Swiss who were on a hitch-hiking tour through Africa. Their capture came a year after the release of Madame Francoise Claustre, a French archaeologist who was held by Frolinat for 33 months.

Some 200 extra personnel, mostly paratroopers, have however, been sent out to help the increasingly vulnerable government forces. The men are engaged in training Chad's army and supervising the use of

French weapons and aircraft.

Le Monde newspaper said that about 100 men had been sent to the capital, N'Djamena, and a further 50 to the town of Abeche near the Sudan border.

President Malloum was reported to be in the Sudanese capital Khartoum to-day for further discussions on peace efforts. The Libyan Government, which supports the Communist rebel movement, Frolinat, announced last month that a cease-fire accord had been reached after talks in Libyan territory between the Chad government, Frolinat, Libya, Egypt and Niger.

## Long way to go in Dutch wage round

By Charles Batchelor

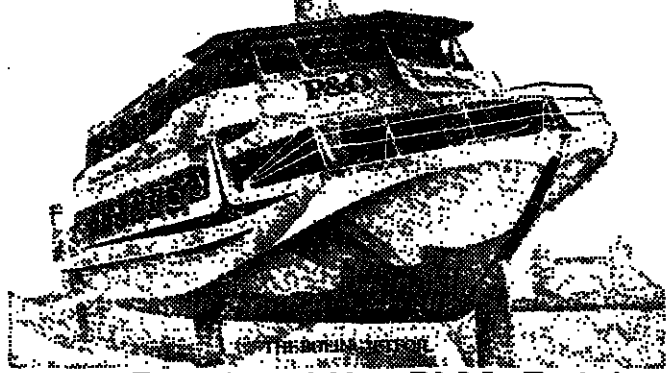
MORE THAN 1m of the 1.6m Dutch workers engaged in negotiations to ratify a 1978 wage contract have still not settled after more than four months of talks.

The groups which have not yet reached agreement include 450,000 metal workers, 70,000 textile and clothing workers and 30,000 employees at Unilever and the steel manufacturer Hoogovens.

Provisional agreement on a contract for 65,000 workers at the Philips electrical group was reached after an 18-hour negotiating session earlier this week.

In a strong criticism of some of the unions, the largest employers' federation, the VNO, said the major obstacle of agreement lay with the industrial unions. Negotiations have gone much more smoothly with the construction, foodstuffs, transport and service industry unions, it said.

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## EUROPEAN NEWS

## Turkey, U.S. on the way to reconciliation

BY METIN MUNIR

ANKARA, April 6.

PRESIDENT Jimmy Carter's decision to repeal the embargo on arms supplies to Turkey may, it is expected, open the way to normalising Turkish-U.S. relations and re-activating Ankara's ties with the Western alliance.

The compromise formula proposed by Mr. Carter may seem reasonable to all the parties concerned except the Greeks to whom no formula which will increase the combat capacity of the Turkish army can sound reasonable.

The U.S. President has scrapped the four-year, \$1bn. Turkish-U.S. Defence Co-operation Agreement (DCA) which was signed in March, 1976, but not ratified by either side. The agreement was objectionable to many U.S. Congressmen for two reasons: It implicitly tied the \$1bn. to the reopening of U.S. bases in Turkey. Secondly, the DCA entailed a long term financial commitment and would have deprived Congress of a hold on the purse-strings for four years.

Many legislators who were opposed to the embargo would have voted against the DCA because of these two points. Under the new formula, Turkey would receive \$175m. worth of military credits in fiscal 1978, which is the same as it is getting now. It would also get a token \$50m. of economic aid. Cyprus would get \$8m. in aid to refugees. Greece is being offered \$140m. of military credits and \$40m. in economic aid. The package is apparently intended

to show that Mr. Carter is making an even-handed approach to all the parties concerned. This will not prevent the Greeks, particularly Greek Cypriots, from protesting. But it appears unlikely that they will muster enough strength in Congress to keep the embargo intact. There is growing awareness generally in the U.S. and especially in Congress that the embargo has been counterproductive. It has not helped towards a settlement on the Cyprus problem it

has undermined Turkey's ties with the U.S. Many Congressmen who voted for the embargo, to punish Turkey for invading Cyprus in 1974, may now vote to remove it because Mr. Carter's formula retains the right to reimpose it should it become necessary. In addition, there is nothing to stop them withdrawing authorisation of the annual military credits to Ankara if they are dissatisfied with Turkey's involvement in Cyprus. For Mr. Ecevit, the repeal of

the ban would be a major and much-needed coup. In the three months he has been in power he has been obliged to take many unpopular measures in order to put the economy in order and would welcome anything he could present as a victory. Mr. Carter's deal does not require a contractual quid pro quo from him (unlike the DCA). The aid does not depend on either Turkish attitudes to Cyprus or the reopening of the 26 U.S. bases in Turkey, which have been closed since July 1975.

Thus, for Mr. Ecevit, the connection between U.S. military aid and Cyprus would be effectively severed, permitting him to act more freely on Cyprus and in his relations with Greece.

Mr. Constantine Karamanlis, the Greek Prime Minister, will not be pleased when the embargo is lifted. He has already come under strong attack from the main opposition party leader, Mr. Andreas Papandreu, and may expect strong anti-U.S. agitation in the coming days. Mr. Karamanlis must be known that the embargo could not remain in effect indefinitely. Even so, opposition at home may make it difficult for him to continue his reconciliation with Mr. Ecevit, which started in Moscow last month.

President Spyros Kyprianou and the Greek Cypriots will be the ones most angered by Mr. Carter's new move. They are about to lose what was the only practical pressure on Turkey to get out of Cyprus. The U.S. Ambassador in Nicosia was assassinated after the war and heavy security precautions have now been taken in Nicosia to prevent any new outbreak of violence against the U.S. embassy.

It is not clear from Mr. Carter's new deal of what will become of the 26 U.S. bases in Turkey. U.S. diplomats in Ankara have indicated that it will help Mr. Carter's battle in Congress if the Turkish leaders were to announce that there would be no problem about reoccupation once the embargo was lifted.

Mr. Ecevit, worried about the reaction of his Party's Left-wing faction, has merely said that the



question of the bases would come up only after "a positive result emerges from Congress". With no defence agreement between the two sides, the bases in Cyprus to which he brought war are effectively devoid of any legal status. Diplomatic sources in Ankara have been saying since 1975 that the bases have become, or are becoming, obsolete with developments in "satellite espionage".

Others claim that some, if not all, of the bases (Sinop on the Black Sea and Pirinlik in the East, for instance) are of vital importance to the West's defence. If, as is more likely, the latter is the case, Mr. Ecevit will come under conflicting pressures from the Pentagon to reopen them quickly, and from the Left-wing faction of his Party to keep them shut.

He will also undoubtedly come under fire from the Soviet Union which he will visit this summer. The Soviets may tell him that they will stop their generous economic assistance programme if the U.S. bases are reopened.

For the sake of his much sought-after détente with Greece he cannot afford to gloat over the end of the embargo. Even if the physical ties between the region

## Cyprus economic revival a 'mini-miracle'

BY OUR CORRESPONDENT IN NICOSIA

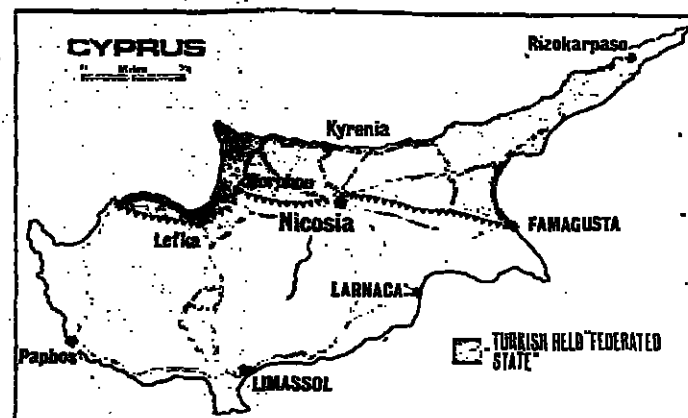
THE 1974 CYPRUS war left the island's economy in ruins. Construction work came to a standstill and Cypriot labour travelled abroad to find work. But the economic tide appears to be turning and the building boom is underway again in the Greek part of the island.

Housing projects have been started to cope with the thousands of refugees, modern apartment blocks are going up in Nicosia and new factories are under construction.

THE BUILDING boom is on again in the Greek sector of this divided island, not only are housing projects going up for the thousands of refugees, but modern apartment blocks in Nicosia and other towns, new hotels around the resort areas, and new factories in industrial estates as well.

Three years ago, in the wake of the 1974 war, construction work came to a complete standstill, and Cypriot labour emigrated abroad in search of work. Now the construction industry and manufacturing sector are facing severe manpower shortages.

At the end of 1974, unemployment among Greek Cypriots reached 25 per cent. Now it is almost non-existent (officially it is about 2 per cent and still going down), in spite of the huge



influx of 200,000 jobless refugees who had to flee to the south at the time of the Turkish invasion.

The export trade has reached unprecedented levels, and inflation has remained one of the lowest in the world. At the same time a new airport and new seaports have been built, the island has developed one of the best communications systems in the world, and the tourists have begun pouring back.

The rapid economic development was achieved through hard work by the people, good planning and management on the part of the Government, and generous aid from overseas.

Some external factors also helped, such as the high prices paid on the international market for Cypriot potatoes and other agricultural products, and the civil war in Lebanon, which brought thousands of visitors to the south of the island and helped the export drive to Arab countries.

Immediately after the Turkish invasion, the Government launched its first emergency economic action plan (1975-76) which aimed, through labour intensive projects, to absorb the

unemployed refugees, reactivate the stagnant economy and boost exports. It was termed a complete success.

The Government followed an expansionary fiscal and monetary policy to stimulate the private sector, while displaced farmers and animal breeders, who had lost everything in the north, were given loans, subsidies, machinery and fertilisers by the Government to help them back on their feet.

Between 1975 and 1976 there was a growth rate of about 15 per cent. Total exports in 1975 reached pre-war levels, while in 1976 they went up by almost 90 per cent.

Foreign exchange reserves, which stood at \$12m. in 1975, rose to \$28m. in 1976. At the end of 1977 they stood at around \$113m., enough to cover six months of imports comfortably.

The Government later prepared a second emergency action plan (for the years 1977-78) and set a target of growth of 8.5 per cent per year. This was easily exceeded, and it is estimated that a 12 per cent growth rate

## Settlement plan prepared

NICOSIA, April 6.

TURKISH-CYPRIOT proposals aimed at finding a lasting solution to the problems of Cyprus are ready for presentation to United Nations Secretary-General Kurt Waldheim, the Turkish-Cypriot news agency Tak reported today.

The agency quoted Mr. Rauf Denktaş, the Turkish-Cypriot leader, as saying the proposals were based on realistic prevailing on the island. The Turkish-

Cypriot community has been separate from the Greek-Cypriots since Turkish troops occupied 36 per cent of the island in 1974.

Mr. Denktaş was speaking last night after the final session of a series of meetings to prepare the proposals, which, according to Tak, will be delivered to Dr. Waldheim in 10 days' time. Roster

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## AMERICAN NEWS

## No gold sales currently planned by Washington

BY DAVID BELL

THE U.S. TREASURY reiterated today that the U.S. has no plans to sell any of its \$500n-worth of gold "right now," but it noted that the administration "is continuing to re-assess the possibility of doing so" at some point in the future.

Today's statement followed some off-the-cuff remarks last night by Mr. Anthony Solomon, the Assistant Treasury Secretary for Monetary Affairs, who told reporters that the U.S. has no plans to sell any gold at the moment. His comments came after a meeting between Mr. Michiya Matsukawa, the Japanese Deputy Finance Minister, and Mr. Michael Blumenthal, the Treasury Secretary.

Mr. Matsukawa, who was sent to Washington by Mr. Takeo

Fukuda, the Japanese Prime Minister, in advance of the Japanese leader's visit here later this month, said that "no concrete decisions" were taken at the meeting. Mr. Solomon described it as "very useful in view of the whole monetary situation."

Yesterday's comments about gold coincided with the latest gold auction held by the International Monetary Fund. This was the first sale to be held after the formal ratification of the IMF's articles of agreement and some interest therefore centres on the list of successful bidders which was due to be published later today.

The London price of gold climbed to-day (to close at \$180) on Mr. Solomon's comments.

WASHINGTON, April 6.

Yesterday's auction by the bid price method resulted in an average price for the 424,800 ounces sold of \$177.92 with successful bids ranging from \$177.61 to \$180.26. A total of 1,387m. bids were received and the \$70.6m. raised for the IMF's trust fund for developing nations brings its total to \$1.245bn.

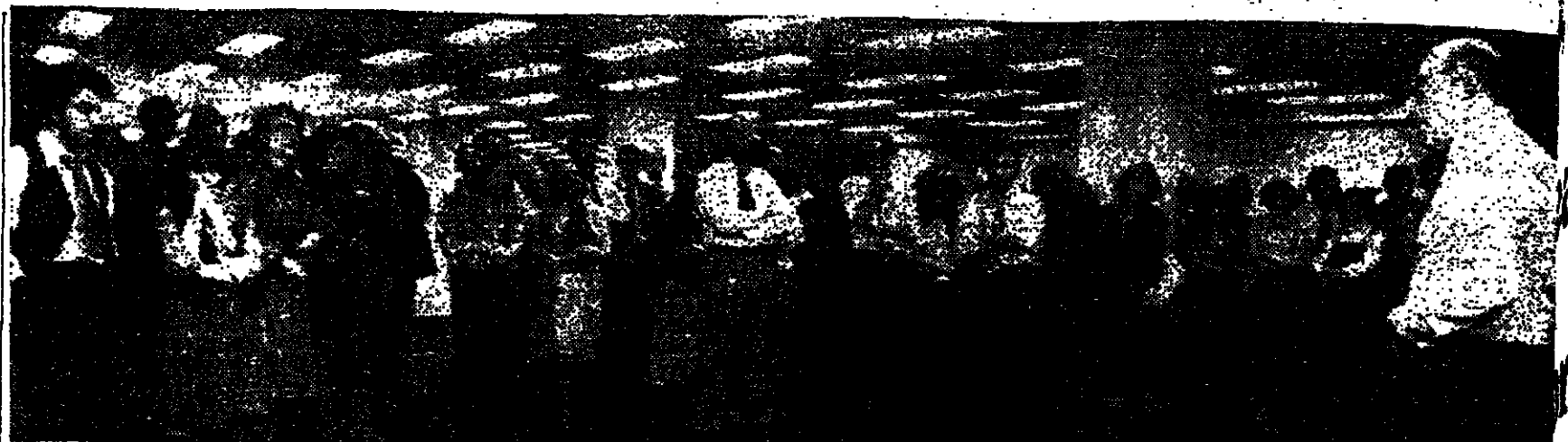
Despite the official U.S. insistence that no gold shares are currently planned by the administration, there were reports this morning that the U.S. is toying with the idea of emulating the IMF and selling small amounts of gold perhaps at regular monthly auctions as the Fund does.

However it is far from clear what such sales would achieve since the amounts involved would be relatively small and would have little effect on the dollar.

Just before he left office, Dr. Arthur Burns, former chairman of the Federal Reserve, said that the U.S. should announce that it was prepared to sell all the \$500n. of gold in its reserves as part of a concerted scheme to stop the slide in the dollar. But many administration officials are wary of such a scheme lest it prove insufficient and leave the U.S. even more "exposed" than it feels at present.

Nevertheless, it has been U.S. policy for a long time that American gold should stop the slide in the dollar. "From time to time we do sell gold," the U.S. has sold gold formally on only two occasions, both in 1975, the year in which U.S. citizens were permitted once again to own gold.

Michael Blanden adds: The gold price reached a high point of \$182½ an ounce in London dealing yesterday, with demand from the Continent in evidence after the satisfactory result of the IMF auction. Later in the day, however, the price slipped back due to uncertainty over U.S. intentions, with U.S. newspaper reports that there could be sales in the reserves—making the price down to close at \$180.



Publisher Leonard Saffir breaking the news to the staff of The Trib that their paper will cease publication because it was impossible to carry the expense anymore.

## The Trib closes down

BY JOHN WYLES

THE DEMISE of The Trib, the New York daily newspaper which was started less than three months ago and ceased publication yesterday because of falling readership and escalating losses, surprised nobody.

But it disappointed many, even among those who were not among the 140 Trib employees. A hand-somely produced tabloid, its main failing appeared to be that it looked too little like a newspaper and too much like a daily magazine. This was probably too radical an alternative to the two morning newspapers in the city, the New York Times and the Daily News, and the afternoon tabloid the New York Post.

Hopes that these rival papers would be halted by production strikes had kept the Trib publishing for the past week. The collapse of the New York

business community which had failed to give The Trib the advertising it needed. In particular, he singled out the large department stores for failing to support the newspaper.

When it began publication on January 8, the Trib was printing some 250,000 copies a day at a quibbling cost. However, by January 18, Mr. Then, in the first few weeks, its circulation was bedevilled by distribution problems. During the three months of its life, the Trib's readership had fallen to about 40,000.

Mr. Saffir was the moving force behind The Trib and dominated its day-to-day affairs. Within three days of its birth, Mr. Vere, editor of Newsweek magazine and of the deceased New York Herald Tribune.

The paper relied heavily on news agency material and not notably successful in bringing exclusive news. Its page story that Mr. David F. the television performer, helped Mr. Richard Nixon, was revealed by rivals. The decision the David Frost in question was an employee of Mr. Nixon's. Mr. Saffir was the moving force have been related to his unwillingness to put up any money.

Many of the senior editors staff were veterans of newspapermen with a long experience in New Journalism. The editor was John Denson, aged 74, a former editor of Newsweek magazine and of the deceased New York Herald Tribune.

The paper relied heavily on news agency material and not notably successful in bringing exclusive news. Its page story that Mr. David F. the television performer, helped Mr. Richard Nixon, was revealed by rivals. The decision the David Frost in question was an employee of Mr. Nixon's. Mr. Saffir was the moving force have been related to his unwillingness to put up any money.

## Smaller price index rise

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, April 6.

U.S. WHOLESALE prices rose much more modestly in March than in February, in part because the supply of food was facilitated by better weather.

The Producer Price Index for Finished Goods—successor to the old wholesale price index—went up by 0.8 per cent. (seasonally adjusted) last month, compared with 1.1 per cent. in February. The January rise was also 0.8 per cent.

Food prices in the month rose by 0.8 per cent., considerably below the 2.9 per cent. of February. Other goods went up by 0.5 per cent., about the average level of the last six months.

Nevertheless, the slight improvement in the inflationary picture last month, which had also been mirrored at the consumer price level, is unlikely to relieve the pressure on the Carter administration to take new anti-inflationary measures.

President Carter, according to the White House, has promised to make a major address on methods, play its part in controlling price increases.

venue for this appears to be a conference of newspaper editors due to take place in Washington on Tuesday.

The most likely approach will probably be a series of measures aimed at specific sectors. Mr. William Miller, the new chairman of the Federal Reserve, said in an interview in the New York Times to-day that "all government policy makers" were agreed on this.

Mr. Miller said that there was a limit on what monetary policy alone could do in combating inflation. In his view, the Administration's programme should contain three basic elements: action by the federal government to curb inflation in those areas where it had undeniable influence (such as the pay of government employees); a commitment to hold the budget deficit in the next fiscal year, beginning in October, at no more than \$60bn.; and insistence that the private sector through voluntary action controlling price increases.

## Record reserves in Brazil

BY DIANA SMITH

RIO DE JANEIRO, April 6.

THE BRAZILIAN Central Bank reported that the foreign exchange reserves on December 31, 1977, totalled \$7,256bn—the highest ever.

In November 1977, foreign exchange reserves fell to \$5,995bn, because the Brazilian government stopped the entry of loans in foreign currency. In order to reduce their effect on the expansion of liquidity which was occurring at the time.

The December rise of \$1,261bn. in the reserves—making the year-end total 11 per cent. higher—was expected to be offset by the end of December, set this year, however.

## Mexican freed after payment

By Our Own Correspondent

MEXICO CITY, April 6. A CASH payment of \$400,000 has secured the release from prison of a former Mexican Transport Minister, Sr. Eugenio Mendez Docuero, who was arrested on March 21 and accused of embezzling that sum while in office under former President Luis Echeverria.

By paying the cheque to the Ministry, Sr. Mendez reduced the possible penalty he faces to fewer than five years in jail and made himself eligible for bail, which he has been granted.

When he emerged from prison last night, Sr. Mendez rejected any suggestion that the payment amounted to an admission of guilt. He said that he was innocent and would prove it, and that his only fault had been in failing to supervise his subordinates in the ministry.

The release of Sr. Mendez leaves two other prominent figures of the Echeverria administration (which ended in 1976) behind bars awaiting corruption trials. They are a former Agrarian Reform Minister, Sr. Felix Barra Garcia, accused of extorting half the compensation money that ministry was paying an expropriated farmer, and Sr. Alfredo Rios Camarena, accused of embezzling the funds of a tourist development which he headed.

Despite official denials, the arrests are widely believed here to reflect a power struggle within the long-ruling Institutional Revolutionary Party before its summer congress. Few Mexicans appear to believe that this Government, any more than its predecessors, will really try to stamp out corruption.

## Canada poll date debate

BY VICTOR MACKIE

OTTAWA, April

THE CANADIAN Cabinet met yesterday to decide the date of the next budget and to examine possible June dates for the general election.

The latest public opinion poll shows the Liberals have increased their support by two points. The Conservatives have dropped two points and the New Democrats held their ground. The number of undecided voters has risen from 35 to 38 per cent.

All three parties are expressing optimism about their standing with the electorate. Liberals attending their regular weekly caucus emerged elated by the increase in the party's popularity shown by the latest Gallup Poll.

Mr. Jean Chretien, the Finance Minister, told the Commons yesterday that the Conservative Government has no intention of imposing foreign exchange controls.

Pressure has been mounting on the Finance Minister to introduce such controls. Reports of increasing outflows of money from Canada since the U.S. to purchase property.

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on your behalf by a hard-headed businessman, whose job it is to treat you not as a client – but as a customer.

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Crest Hotels Europe Headquarters building at Banbury.



Plessey Radar Production building, Cowes, Isle of Wight.



British Mail Order Corporation Reception area at Preston Headquarters of this GUS company.



Dunlop Social Centre, Coventry.



Fibsons Pharmaceuticals Head Office at Loughborough.



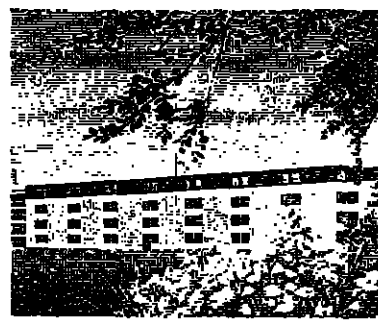
Arthur Guinness Son & Co. Office building at Park Royal Brewery.



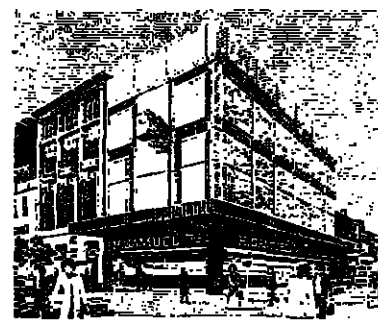
E.W. Woolworth & Co. Store at Burnley.



United Biscuits Offices at Osterley, Middlesex.



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## Chile political prisoners to be pardoned

By Robert Lindley

BUENOS AIRES, April 6. PRESIDENT Augusto Pinochet of Chile announced last night the pardoning of those sentenced for crimes against the security of the state, or the commuting of their sentences to exile abroad.

"Now no one can say that in Chile there are persons deprived of their freedom for having committed acts of a political character," he said on national radio and television. Last week, the former vice-president of the Central Bank and member of the Chilean Socialist Party, Sr. Carlos Lazo Frías, was allowed to leave Chile, his 30-year jail sentence having been commuted to a banishment of 20 years.

Yesterday, Sr. Jaime Castillo, former leader of the dissolved Christian Democratic Party, returned to Chile from exile in Venezuela where he had lived since August, 1976, when he was expelled allegedly for carrying out political activities.

In his speech last night, Gen. Pinochet also announced that a new constitution will be drawn up by the end of this year, for the subsequent approval by the military junta, and that the final draft may be submitted to a plebiscite.

## Quito bus protest

More than 300 people have been arrested after three days of violent confrontations between police and students in the Ecuadorian capital, Quito. Students are protesting against a rise of 40 per cent. equivalent to one new penny, in the urban bus fare, and Quito is virtually without public transport. Speculation that the military government will put off the July presidential election has been firmly denied, and candidates are stepping up campaign activities.

## U.S. COMPANY NEWS

Curtiss - Wright chairman attacks Kennecott Board, outlook at Norton, Amex results, retail sales Page 29

FINANCIAL TIMES, published daily except Sundays and holidays. U.S. subscription \$200.00 per annum. Second class postage paid at New York, N.Y.

## APOLLO

Edited by Denis Sutton

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## The war that never ends

We British are a peaceful people. When a war is over we like to consign it to the history books – and forget it. But for some the wars live on. The disabled from both World Wars and from lesser campaigns, now too easily forgotten: the widows, the orphans and the children – for them their war lives on, every day and all day.

In many cases, of course, there is help from a pension. But there is a limit to what any Government can do.

This is where Army Benevolent steps in. With understanding. With a sense of urgency... and with practical, financial help.

To us it is a privilege to help these brave men and women, too. Please will you help us to do more: we must not let our soldiers down.

The Army Benevolent Fund for soldiers, ex-soldiers and their families in distress Dept. FT, Duke of York's HQ, London SW3 4SP



# Now, from Crown Life, unit-linked life assurance.

## Nearly a million people are insured with Crown Life.

### For them - and for you - Crown Life's new unit-linked plans offer extra choice, extra investment, savings and protection opportunities.

#### A major force in life assurance offers new weapons against inflation.

Crown Life was set up in Canada in 1900. Operating through over 200 branches, Crown Life today serves nearly four million policy-holders throughout the world.

Nearly a million of them are here, in the UK. In fact, almost one British household in every 18 relies on Crown Life to help protect it against the uncertainties of life.

Now Britain sees the launch of a totally new range of Crown Life financial services and plans - series of unit-linked life assurance policies, which together provide a comprehensive, flexible and thoroughly contemporary opportunity to conserve or increase net income or capital.

Why unit-linked? Life assurance has particular relevance to British conditions. It's always been the natural way to save money - but recently it's assumed even greater importance.

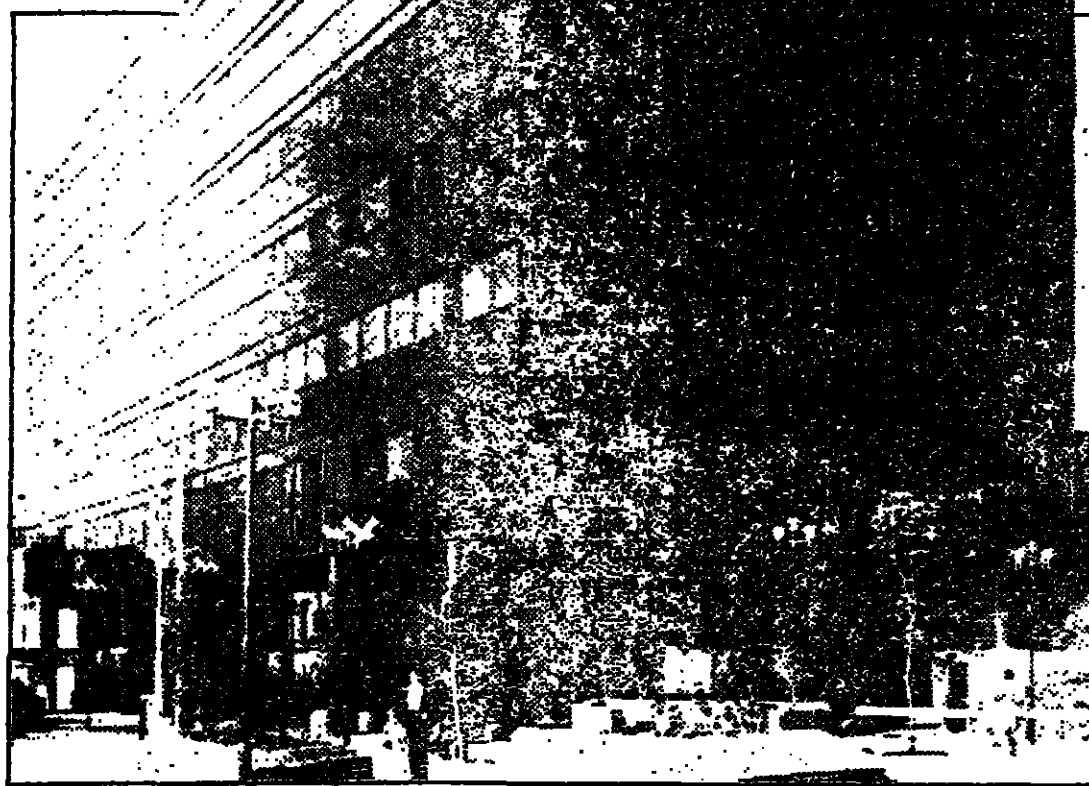
Because the burden of tax has become increasingly heavy, the fact that life assurance premiums normally qualify for tax-relief has made saving through life assurance increasingly attractive.

And even within a life assurance company, the funds it invests are taxed advantageously, compared with the way tax is applied to other commercial operations, so that a saver through life assurance often has a double opportunity to minimise the effects of tax.

But British prosperity is subject to an even greater hazard: inflation. Only an active personal investment approach now gives the saver a real fighting chance.

With unit-linking, a direct, personal dimension is added to the professional investment element of life assurance saving. Crown Life unit-linked life assurance allows the saver to invest his assurance premiums in stocks, shares, property and other securities through a variety of Crown Life investment funds, with advantageous tax treatment.

This combination - unit fund investment for growth in capital and income, advantageous tax treatment, and the traditional guaranteed assurance cover against emergencies - offers real long-term protection against the uncertainties of life and the only too-certain effects of inflation.



Crown Life House, Woking, Surrey - opened in Jubilee Year as a symbol of Crown Life's commitment to long-term growth in a prosperous Britain.

#### Thorough, dynamic, professional - the Crown Life approach.

It's taken over two years for Crown Life to set up this new range of financial and investment services.

We began by researching the range of investment opportunities available, to identify those which offer the best combinations of growth and security.

The outcome is the comprehensive range of eight funds described.

The next task was to develop life assurance policies which would allow people to invest their premiums in the most contemporary, yet secure, manner.

And finally, we've set up a separate company to deal with the specialist requirements of these special policies.

This is the Crown Life way of doing things. Three years ago, for instance, a specialist UK subsidiary, Crown Life Pensions Limited, was launched to handle Group life and pensions business. That company has been outstandingly successful. Small, specialist, dynamic, it has been able to respond very rapidly to the needs of the public and changing conditions. It has been very innovative in the devising of private pension schemes for small companies, as well as for Directors and the self-employed.

The new unit-linked company, Crown Life Assurance Company Limited, has a paid-up capital of £2m. It combines the Group's assurance and investment experience (built up since the beginning of the century) with a policy of active investment management. The Crown Life investment fund managers are supported by Barclays Bank Trust Company, acting as advisers on investment. Barclay Trust is carrying out continuous research into investment and economic trends in the UK and throughout the world. So two expert teams are working together to produce the best results possible for you.

#### Join the million people looked after by Crown Life in the UK

There's one other guideline to add to the five above: choose a life assurance company which is big and well-established, and has a first-class record.

The Crown Life Group of Companies has these qualities, and provides a combination of dynamism and responsibility.

Any investment, of course, can have its ups and downs, and unit-linked assurance is not for short-term investors. It is intended for people who can invest their premiums for 10 years or more. The value of units may well go down from time to time. But in the long term, professionally-managed funds of the type described have shown satisfactory growth.

Crown Life Assurance Company Limited offers professional investment management, a wide range of funds and a comprehensive range of plans to meet most protection and investment needs. If you'd like to know more about individual plans, or if you'd like a copy of our booklet, which explains Crown Life unit-linked life assurance without all the jargon normally found in insurance policies, please complete and post the coupon below.

Crown Life Group of Companies  
Crown Life House, Woking, Surrey, GU21 1XW.  
Tel: Woking (048 62) 5033.

#### Where your money works - the funds.

To develop a contemporary investment programme, it is important to be able to spread risk while taking informed decisions on the growth prospects of all types of investments.

The eight Crown Life funds, offer a wide choice, and allow us to tailor plans and policies to individual requirements.

In particular, the Distribution Fund's unique investment policy matches the needs of many investors to increase net spendable income, without the necessity of drawing on capital in the mid.

Some plans allow the investor to manage his own portfolio, by switching money from fund to fund. Others allow him to leave the investment management entirely to us. He can follow the performance of chosen funds daily in the national press.

These are the funds.

**The Equity Fund**  
This is invested in a wide range of British ordinary shares and has the aim of producing growth in capital and income in the long and medium term.

**The Property Fund**  
Land and property are always a good long-term investment. This fund gives access to direct investment in real property and property shares. The properties will be valued regularly by independent professional valuers.

**The Investment Trust Fund**  
Investing in Investment Trusts, the fund achieves an enormous diversification and spread of risk, and also taps the skills of investment trust managers throughout the UK.

**International Fund**  
This fund provides the opportunity to invest in overseas shares and also to make full use of currency fluctuations.

**The Fixed Interest Fund**  
This fund is invested in securities which pay a fixed rate of interest until a pre-stated redemption date, or until sold at the market value at the date of sale. The performance of this fund will depend on an active policy of buying and selling fixed-interest securities by the investment managers.

**The Money Fund**  
This is primarily a short-term home for investment. It moves to another fund, and is invested in bank and interest-bearing deposits. Money Fund units are guaranteed against a fall in price.

**The Distribution Fund**  
This is a special fund which is constructed to aim at a net annual income of 5% of the original premium (which is the maximum income allowed tax-free), and growth in the original investment. It is only available for lump-sum investments of £5,000 or more, from which the 5% tax-free income is withdrawn, leaving capital untouched and free to grow.

**The Managed Fund**  
This fund is invested in the whole range of investment vehicles according to the view of the investment managers as to the spread of types of investment that is most suitable at any particular time. It is an ideal fund for the regular saver and is for consistent, smooth, long-term growth in capital and income.

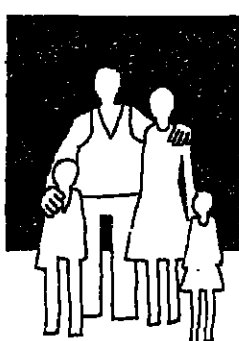
It is important to note that none of these funds invest in any of the other funds - the performance of each is independent of the performance of the others.

#### How you invest - the plans.

The way your investment pays off is up to you. The four plans meet a great range of needs with a wide choice of methods. Each, of course, has tax benefits, but otherwise they're widely different.

##### The Protection Plan

For the family man who needs maximum assurance protection until the children leave home, and thereafter wants to accumulate capital for retirement. There is the normal tax relief on the premiums.



**Method of payment**  
Regular monthly payment up to age 65. (Minimum £5 per month.)

**Insurance content**  
Full cover to age 55 (amount depends on premium). Built-in protection against sickness and accident. Optional accidental death benefit, extra life benefit, mortgage protection, family income benefit.

**Investment content**  
Premiums invested in the Managed Fund may be switched at age 55 to other funds. Good-value way of building eventual lump sum.

##### The Savings Plan

Designed to give maximum capital growth, without losing normal tax-relief on the premiums.



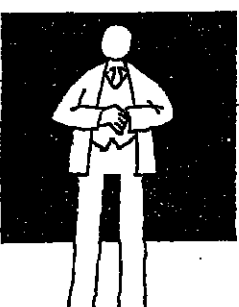
**Method of payment**  
Regular monthly payment for 10 years or more. (Minimum £5 per month.)

**Insurance content**  
Valuable but limited life assurance. Built-in option to increase premiums to match increased ability to save. Optional accidental death benefit, waiver of premium benefit, extra life benefit, mortgage protection, family income benefit.

**Investment content**  
Premiums invested in the Equity Fund, the Investment Trust Fund, the Property Fund (all switchable), or the Managed Fund. If a fund other than the Managed Fund is chosen, the investment may be switched between the three funds. Good-value way of achieving a high lump sum.

##### The Investment Bond

This is for the investor with a lump sum of £500 or more, who requires capital growth, income or both.



**Method of payment**  
Single premium payment of £500 or more.

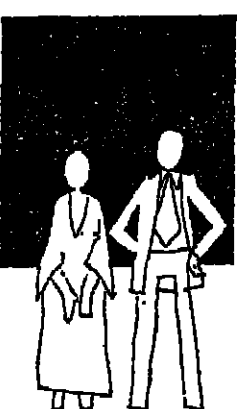
**Insurance content**  
A multiple of the bid (i.e. selling) value of units, decreasing as the investor grows older.

**Investment content**  
The premium may be invested in any of the eight funds.

If you choose the Managed or the Distribution Fund, later switching between funds is not generally available. However, if you choose from the other six there is complete flexibility of switching between those six: choice of income or accumulation units. Income is paid from dividends on underlying assets leaving capital untouched and free to grow. Accumulation units grow by way of automatic reinvestment of net income as well as capital, and allow income to be drawn by encashment of units. Full details on application.

##### The Annual Premium Bond

For the hard-pressed higher-rate taxpayer. A chance to protect capital from tax by investing for 10 years or more.



**Method of payment**  
From £250 per annum upwards.

**Insurance content**  
Valuable but limited life assurance. Optional accidental death benefit, waiver of premium benefit, extra life benefit, mortgage protection, family income benefit.

**Investment content**  
Premiums invested in any of the funds except the Distribution Fund. Switching between funds is allowed unless you select the Managed Fund. Low charges. High investment allocation. After 10 years income can be paid from dividends on underlying assets leaving capital untouched and free to grow.

#### Crown Life unit-linked life assurance: flexible, dynamic, convenient.

It's clear that an effective savings policy ought to take account of these five guidelines:

1. it should provide an opportunity for investment in real sources of growth - equities, property, and other securities without the normal high costs to the individual;
2. such investment must be professionally managed;
3. it should be widely spread to minimise risk and maximise opportunity;
4. it should make full use of any means available to obtain favourable tax treatment;
5. it should not ignore the value of guaranteed life-assurance protection.

In deciding your investment strategy, how much emphasis you place on any one guideline at the expense of the others is up to you. But you shouldn't leave any of them out. If you do, you're not making the most of your hard-earned savings.

Above all, it's the life assurance element which provides two important ingredients: peace of mind, with guaranteed protection; and the favourable tax treatment which gives a built-in advantage compared with other methods of investing.

Life assurance also offers a convenient package. Investment in unit-linked life assurance is just as easy as taking out a life assurance policy - which is exactly what it is. Yet unit-linked life assurance can cater for an astonishingly wide variety of individual needs, as the plans and options described on this page demonstrate.

Finally, unit-linked life assurance enables you not only to select your investment, but also to see at any time exactly how it is performing.

Fund performance is published daily in the national press. You know where your money is, and you can see how hard and successfully it's working.

**Unit-linked life assurance from Crown Life**

Please send me  
☐ 'Unit-linked life assurance from Crown Life' - an introduction to unit-linked life assurance in easy-to-understand language.

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**Crown Life**

GROUP OF COMPANIES



## OVERSEAS NEWS

## PHILIPPINES ELECTION

## The outcome is unlikely to have much effect

BY OUR MANILA CORRESPONDENT, APRIL 6

TWENTY-FIVE million Filipinos go to the polls to-morrow in an election that will give the Philippines its first legislative assembly after more than five years of one-man rule but will have little or no effect on the country's military-backed power structure.

President Ferdinand E. Marcos, who has ruled by decree since he imposed martial law in September, 1972, will retain his firm hold on the Government whatever the composition of the interim Batasang Pambansa or National Assembly, which he will also head as presiding officer.

Already, with an almost total absence of any opposition to his New Society Movement coalition outside metropolitan Manila, Mr. Marcos is assured a big majority.

At stake in the election are 165 of the 200 Assembly seats. Mr. Marcos is to appoint a maximum of 20 delegates from his Cabinet with the remaining seats to be filled later through elections in the youth, labour and agriculture sectors.

Although Mr. Marcos does not need the formality of an election to stride into Parliament by virtue of a referendum last December and constitutional amendments in 1976, he has nevertheless been one of the most active campaigners during the 45-day campaign season which officially ended last night.

Mr. Marcos has not only been making numerous speeches, he has been releasing Government funds and giving Government employees wage increases to woo

them to his side. His stakes in the election are high.

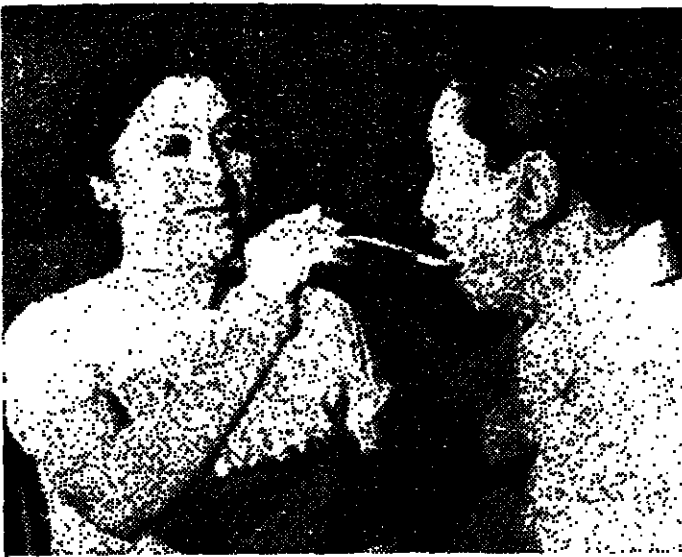
The election's focal point is the metropolitan area comprising the nation's capital, where Mr. Marcos' glamorous wife, Imelda, heads the New Society ticket against an anti-martial law opposition led by former Senator Benigno S. Aquino Jr. Mr. Marcos' most bitter political foe of long standing jailed when the 60-year-old strongman proclaimed martial law.

Mr. Marcos' vote-getting capability, tested when Mr. Marcos first won the Presidency in 1965 and then again in his 1969 re-election, is believed to be still intact and, given present circumstances, defeat for her, which would be humiliating not only for her but also for her husband, seems unthinkable.

But equally humiliating would be victory for the 45-year-old Mr. Aquino, who topped the 1967 Senatorial elections and was widely believed to be the opposition Liberal Party's most likely candidate in the 1973 Presidential election had it not been overtaken by martial law.

Mr. Aquino was sentenced to death last November by a military court that found him guilty of murder, subversion and illegal possession of firearms. While Mr. Marcos has ordered the trial reopened, he has however refused to give Mr. Aquino temporary liberty to campaign, saying he was a security risk.

Running as Lakas ng Bayan (Power of the People) or Lakas ng Filipino word for fight, the



Philippine President Marcos, celebrating his birthday with his wife, Imelda. When the results of the election come in, the couple are expected to be celebrating victory.

opposition has campaigned for didates were not only tools of the potent sympathy vote, with a plot to seize power but also Senator's six-year-old daughter, Kris Aquino, the daughter of its most effective campaigner.

Outside Manila, which is allotted 21 assembly seats, it is only in central Philippine islands where there are opposition groups who generally, however, criticise local candidates but not the martial law administration.

A common theme in both Mr. and Mrs. Marcos' speeches are accusations that the Laban can-

continuation of the so-called new society.

On the other hand, the opposition's one major issue is its incessant attacks on martial law itself and Mr. Marcos' prolonged Presidency, which has now lasted a dozen years. Under the old constitution replaced in 1972, a President could hold office for not more than two four-year terms.

Under the 1976 constitutional amendments, Mr. Marcos, who is President and Prime Minister at the same time, retains the power to issue decrees if he is not satisfied with the Assembly's work. Moreover, the amendments vest on Mr. Marcos alone the power to ratify foreign treaties.

Mr. Marcos has said he was organising the Assembly as the first step towards political normalcy. The Assembly has a life of six years but Mr. Marcos has not publicly disclosed what he intends to do during this time. There is yet no timetable for when martial law will end.

Mr. Marcos himself needs the election to convince foreign critics that he enjoys solid support at home but would still need to convince them the election will truly be free and honest.

For the last 45 days, for example, he has lifted the martial law restraints on freedom of speech and assembly. But while the opposition has made good use of this in the streets, they have not been as successful in the Government-licensed press and broadcast media.

## Peking's mayor under attack

By a Special Correspondent

PEKING, April 6. PEKING'S mayor Wu Teh has come under fresh attack in wall-posters pasted up throughout the capital.

The latest poster, protesting against the second anniversary of the Tien An Men square riot, one of the fiercest clashes between political moderates and radicals before the purge of the "Gang of Four" in October 1976.

Protesters here saw Wu Teh as responsible for breaking up the mass demonstration and arresting hundreds of participants.

Despite his unpopularity, he recently retained his post of city mayor and, though demoted in the official ranking lists, continues as a politburo member and vice-chairman of the Standing Committee of the National Peoples Congress.

Pasted along the main avenue in Peking, not far from the seat of Government in Chungnanhai, the first poster details what it calls the "fascist suppression" of two years ago.

Written by witnesses to the Tien An Men incident, it implies criticism of Mr. Wu for claiming that the arrests were justified—even though the prisoners had opposed the "Gang of Four," whose crime was said to have been to split the ranks of the Communist Party.

Prisoners were later released on the direct orders of Chairman Hua Kuo-feng following the purge of the Gang.

Sydney Morning Herald

## Land takeover row in Australia

BY KENNETH RANDALL

CANBERRA, April 6

PLANS BY the Australian Federal Government to block the takeover of two Aboriginal reserves by the State Government of Queensland are being delayed by unexpected opposition in the Senate.

The Federal Government had hoped to push legislation through all stages by to-night so that a declaration could be issued to-morrow giving self-management to the Aboriginal community in the Aurukun area of the Kimberley region of Western Australia.

The Aurukun Aboriginal reserve includes extensive deposits of bauxite. The emergency legislation to block the State Government, has the Senate run into difficulties in the Senate for several reasons. The Labour Party opposition wants a tougher action, specifically second half of this year. It is the grant of formal title to the reserve land to local Aborigines.

A consortium led by Con Rio Tinto of Australia among last week that it had to back the State Government, has the Senate run into difficulties in the Senate for several reasons. The Labour Party opposition wants a tougher action, specifically second half of this year. It is the grant of formal title to the reserve land to local Aborigines.

Other Senators, including the Government, voted to defer the Bill to-rush through Parliament or consider it too tough.

Meanwhile, the Ombudsman hired an American mineral negotiator, Mr. Steven Zorn, to look after its interests follow the discovery of diamonds in an ancestral land.

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Communications Via RCA)

## Death sentence urged in South Africa trial

BY QUENTIN PÉEL

JOHANNESBURG, Apr

IN ONE OF THE South Africa's longest-running terrorism trials in the prosecution to-day urged the death sentence for six defendants convicted of offences under the Terrorism Act, after a further six defendants had been acquitted.

Sentence on the six will be passed to-morrow in the trial of alleged members of the banned African National Congress. They were accused of conspiring to overthrow the government with violence by furthering the aims of a banned organisation and possession of arms and explosives.

The judge, Mr. Justice Myburgh, said in his summing-up that the state had proved beyond doubt the existence of an ANC conspiracy to overthrow the government. One of the defendants, Moshina Serwile, was found guilty of throwing a hand grenade which seriously injured two policemen near the South Africa-Swaziland border in November 1976.

Another, Naledi Tsiki, was convicted of sabotage of the railway line near Pietersburg, Northern Transvaal.

The case began early last year and has had to be re-opened because of the death of a previous trial judge.

Meanwhile, police said that the man killed in a township of Alexandra, outskirts of Johannesburg, believed to have been a terrorist, a woman baby escaped the explosion, although the house was wrecked.

The ruling National Party candidate won yesterday's constituency election in a substantially reduced majority. Mr. Gellie Geldenhuys of his Progressive Federal Party (PFP) opposed a 1974 vote when he stood as a pro-councillor at the National Party's general election. The bye was caused by the murder of Robert Smit, shortly after the general election.

## Rhodesia internal deal defended by Chikerema

BY OUR OWN CORRESPONDENT

SALISBURY, Apr

MR. JAMES CHIKEREMA, deputy leader of the United African National Council headed by Bishop Muzorewa to-day denied that the guerrilla forces of the Patriotic Front were a threat to the internal settlement.

In a newspaper interview, on the eve of another attempt to convene an all-party Rhodesia conference, Mr. Chikerema hit out at President Carter whom he described as "weak" and mediocre and warned that there were no grounds for making any changes to the Salisbury accord.

He said the agreement fulfilled five of Britain's six principles for a settlement, while the sixth principle—the test of acceptability—would be fulfilled within the next few months.

Mr. Chikerema, who is tipped to become Minister of Transport and Mines next week, said Rhodesia's economic sanctions were the greatest threat to the Patriotic Front, since a "weak" deal in the U.S. favour continuation of sanctions.

Referring to the visit to Salisbury by the American envoy, Mr. Graham Allen, Mr. Chikerema said: "There are aspects of the agreement that we have to amend. We are going to change a single word to please President Carter."

Mr. Chikerema, who was interviewed by a national newspaper said if the Rhodesians would leave Rhodesia to become "economic chaos" would be "economic chaos" within a few months.

Other sources within an Anglo-American alliance, however, said Mr. Chikerema's visit to the U.S. was a bid to end the 5-year war.

The Western envoys would then fly to Salisbury for a Saturday meeting with Premier Mr. Ian Smith and three black leaders with whom he has signed an internal settlement.

The aim of the mission was to end the eighth Western peace summit in southern Africa in a bid to set up a two-phase plan for the reviving of the Patriotic Front guerrilla alliance.

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## HOME NEWS

## Ford U.K. increased profits last year

Financial Times Reporter

FORD U.K. made an "encouraging increase" last year on the record profits of £122m, achieved in 1976. Mr. Terry Beckett, chairman and managing director, said yesterday.

This indication of a further improvement by Ford compares with a string of losses last year from the three other large U.K. vehicle manufacturers—British Leyland (a loss of £51.9m. after extraordinary items), Chrysler (£21.5m.) and Vauxhall (£22m.).

Mr. Beckett, speaking at the CBI's first regional conference in Wales, also said Ford would build the first engine in its new Bridgend plant in South Wales, in May 1980.

The first structural steel for the new factory arrived at Bridgend five days ago, and Ford plans to begin installing machines in the building by November.

Mr. Beckett said: "By 1981, it will be able to produce between 400,000 and 500,000 engines a year—about a quarter, in fact, of our total Ford requirements in Europe as a whole."

"These engines—of very latest design—will be fitted into cars built in the U.K. for domestic sales and export and will also be shipped to our other European plants for incorporation in the cars they build."

The investment at Bridgend was worth £150m., and it would bring 2,500 jobs directly to Wales. But the increase in employment would, of course, be much more.

Sir John Methven, CBI director general, referred during the conference to the growing interest among leading industrialists in the creation of a new national and independent body which would annually assess the country's economic prospects.

He said that the body's findings should be independent of the Government, the CBI and the TUC. "They would, of course, not have the force of law, but they would have the persuasive force of an independent assessment."

One idea being considered is that the body could be responsible to a Parliamentary select committee instead of a Government Department. A primary objective would be to increase public understanding of economic problems in the hope of leading to more rational bargaining.

## Haulage plan dropped after MP's threat

BY IAN HARGREAVES AND PAUL TAYLOR

THE GOVERNMENT, faced with a revolt in the Committee stage of its Transport Bill, has dropped a controversial amendment giving British Rail wide powers to enter commercial road haulage.

Mr. John Horam, the Transport Under Secretary, withdrew the amendment yesterday. At a sitting earlier this week Mr. Peter Ellis, a Labour member sponsored by the Transport and General Workers' Union, which represents lorry drivers, threatened to vote against the Bill.

Mr. Horam said the amendment had been framed simply to allow the Freightliners container carrying company, which the

Bill transfers into British Rail ownership, to continue its existing business. This involves using road vehicles to collect and deliver containers from rail heads and for about 2 per cent. of the company's trucking operations.

The road haulage industry and the transport workers said the amendment gave the railways too much more than power to do much more than this. It did not name Freightliners or container operations at all, simply conferring on British Rail the power "where it appears expedient" to use lorries "for the carriage by road of goods of any description" and to trunk by road if necessary.

Unamended, the Bill will prevent Freightliners from meeting many of its existing commitments, although the Department of Transport's view yesterday was that the Transport Act of 1962 gave British Rail the right to own vehicles for collection and delivery work.

Mr. Horam said there would be consultations with the interested parties before the Government decided on a further, and presumably tighter, amendment.

The Road Haulage Association and Mr. Ellis expressed satisfaction last night that the amendment had fallen. Mr. Ellis said he would be prepared to support a tighter provision.

## Judge asks about 'gifts' to Denis Howell

GIFTS of wine and spirits said to have been recorded as having been given to Mr. Denis Howell, Minister for Sport, before he became Minister, were referred to in an Old Bailey corruption trial yesterday.

Mr. Justice Melford Stevenson intervened as lists of Christmas gifts alleged to have been handed out by a Midlands building company were put in evidence.

Mr. William Reed, city architect for Birmingham, was being taken through gift lists by Mr. Anthony Cripps, Q.C., prosecuting counsel.

Mr. Reed admitted that he himself had accepted presents at the start of his service with Birmingham Corporation. But he said he decided they were "pernicious" and made up his mind to stop taking gifts from any source.

The judge read out one entry which recorded whisky, gin and sherry having been given to a Mr. D. H. Howell, M.P., in 1963.

The judge said: "Who is he?" Mr. Reed: "He is Minister for Sport."

Reading from the Christmas gift list, the judge said presents of cigars and cigarettes also appeared against Mr. Howell's name.

Earlier Mr. Cripps had opened the prosecution case in the trial of Alan Christopher Bryant, 53, of Saintbury, near Broadway, Worcs, who denies two charges alleging conspiracy to corrupt.

The first alleges that between January 1963 and December 1973 he plotted corruptly to make gifts to officers and members of local authorities as inducements to show favour to his firm, C. Bryant and Son.

The second charges him with conspiring corruptly to make inducements and rewards to former Birmingham City architect John Alan Maudsley for favouring building projects his firm was concerned with.

Mr. Cripps told the jury: "In brief outline the case is about the chairman, managing director and directors of a Birmingham building company trying to corrupt members of local authorities by giving them Christmas gifts, and also trying to succeed in corrupting one

particular official, Mr. Maudsley, by entertaining him extensively.

"The types of entertainment were weekends in Ireland and visits to Ascot and various other matters."

Mr. Cripps said that Mr. Maudsley was the city architect in Birmingham until he was prosecuted and convicted in 1974 on charges of corruption.

During the period 1961-1973 the total value of building contracts issued by Birmingham Corporation was £267m., of which more than £91m. went to the Bryant company.

Mr. Cripps said that the jury would hear about "golfing weekends in Ireland, going over by air and being met by a couple of Mercedes, evenings at hotels and gambling parties, and trips to Dublin."

In most of the entertaining events the directors involved did not include Bryant. Although it was his policy and he fully approved, he left the execution and the details to his other directors.

The hearing was adjourned.

## New London bus garage

A £4m. London Transport bus garage will be built at Westbourne Park, Paddington, London. It will have a section of motorway as part of its roof. The new garage will house up to 110 buses. It will replace Middle Row garage, North Kensington, which is in narrow residential streets away from bus routes and has been little altered since it was built in 1910.

## Post Office data plan

THE Post Office plans to start the first international packet-switched data service outside the U.S. It will operate between the U.K. and the U.S. from July 1. Packet switching is a method of organising the switching and transmission capacity of a telephone network for maximum efficiency. It will cater for the needs of organisations in Britain and the U.S.

## Navy charters support ship

THE Royal Navy is to charter a civilian-manned diving support ship because of delays in building a replacement for the 30-year-old Reclaim. The ship, a 3,300-ton Seaforth Clansman, will be based at Aberdeen. It will enable a 20-strong naval party to work for the first time on an operational saturation diving system with a potential for dives to 300 metres.

## European building societies backed

BY MICHAEL CASSELL

THE British Government should not step in the way of building societies wishing to extend their operations into Europe. Mr. Christopher Tugendhat, EEC Commissioner responsible for financial institutions, said in London yesterday.

Mr. Tugendhat said that, ultimately, housing finance institutions from other European countries could be expected to begin operations in British High Streets and that the U.K. societies ought in turn to be able to seek business in Europe.

Mr. Tugendhat, who was addressing a Building Societies Association luncheon, said he believed the British Government had a vital role to play with other credit institutions in opening up a common market in financial services.

He did not envisage the creation of a European-wide housing finance market in the immediate future but he wanted to see U.K. building societies at the centre of any discussions on the subject.

He pointed out that although the Council of Ministers had adopted the Banking Co-ordination Directive, aimed at establishing the framework for a common market in all types of financial services, individual governments could exclude for up to eight years any sectors of banking which posed particular problems.

It had been suggested that building societies represented a case for exclusion. But he did not believe the problems were large enough to justify this.

## European bank lends water council £31m.

Financial Times Reporter

TWO LOANS, totalling £31m. (48.3m. units of account) have been made available to the National Water Council by the European Investment Bank.

The loans are for financing water supply and sewerage schemes in the North of England. They bring the total of funds lent by the Bank for various water supply and sewerage schemes to £220m. The first loan, of £16m., will be passed to the North-West Water Authority. The second, for £15m., will go to the Yorkshire Water Authority.

## Whitehall signs participation deal with Mobil

BY RAY DAFTER, ENERGY CORRESPONDENT

THE Government and British oil if they enter the U.K. refinery National Oil Corporation have industry.

The participation deal, which also provides the corporation with a voice and specific voting rights in the Beryl operating group, is one of the last to be signed. Agreements have been concluded with 49 companies block 9/13a as well as from any other fields found by the Mobil group under past licences rounds. Murphy, Odeco and Amoco.

Estimated recoverable reserves in the block amount to between 600m. and 700m. barrels. Peak production from Beryl is expected to reach 90,000 barrels a day in 1980.

The licences are Mobil (50 per cent.); Amerada Exploration (20 per cent.); Texas Eastern (20 per cent.); and British Gas Corporation (10 per cent.). In view of the Government's equity interest in the Beryl field, the group will have to provide only 45.5 per cent. of its total production to the corporation.

The corporation has agreed to buy this participation oil at international market prices. However, Mobil has won the right to buy back participation crude in order to safeguard its refining and marketing interests. Texas Eastern and Amerada Hess also will have the right to buy back

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## Chemicals output rises 2.7%

BY KEVIN DONE, CHEMICALS CORRESPONDENT

CHEMICALS production rose by 2.7 per cent. last year compared with 1976. But the industry's disappointing performance fell far below expectation because it suffered from the failure of the recovery in world trade.

Because of depressed demand, production fell during the year and in the final three months was 5 per cent. below the first quarter peak.

According to the latest forecasts from the Chemical Industries Association the outlook for the year is little better.

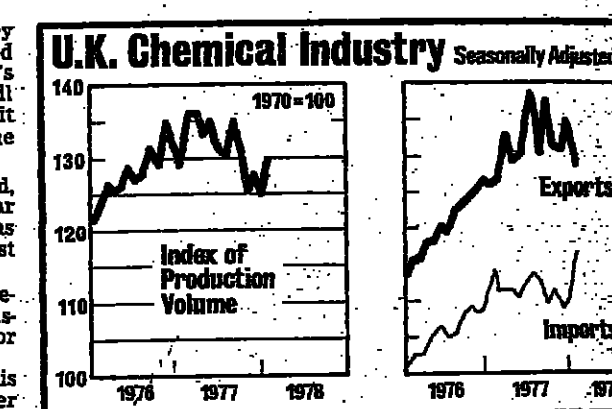
The growth of production is unlikely to be above 3 per cent.

Export prospects are equally depressed. After a growth in volume of overseas sales of 14 per cent. in 1977—and a rise in its main Continental rivals, Germany and France, of 27 per cent.—over 1976, including West Germany, where exports are forecast to grow at the stagnation of home and coupled with the rise in only 5 per cent. in volume, this growth at all over 1976 levels.

This slower export growth, combined with an apparent surge in imports in the first quarter, only 1 per cent. above the level of the final quarter of 1977.

1978 trading account. The association says that prospects for next year are little better.

However, the U.K. chemicals per cent. above last year's final third quarter.



## Meet the "team"...

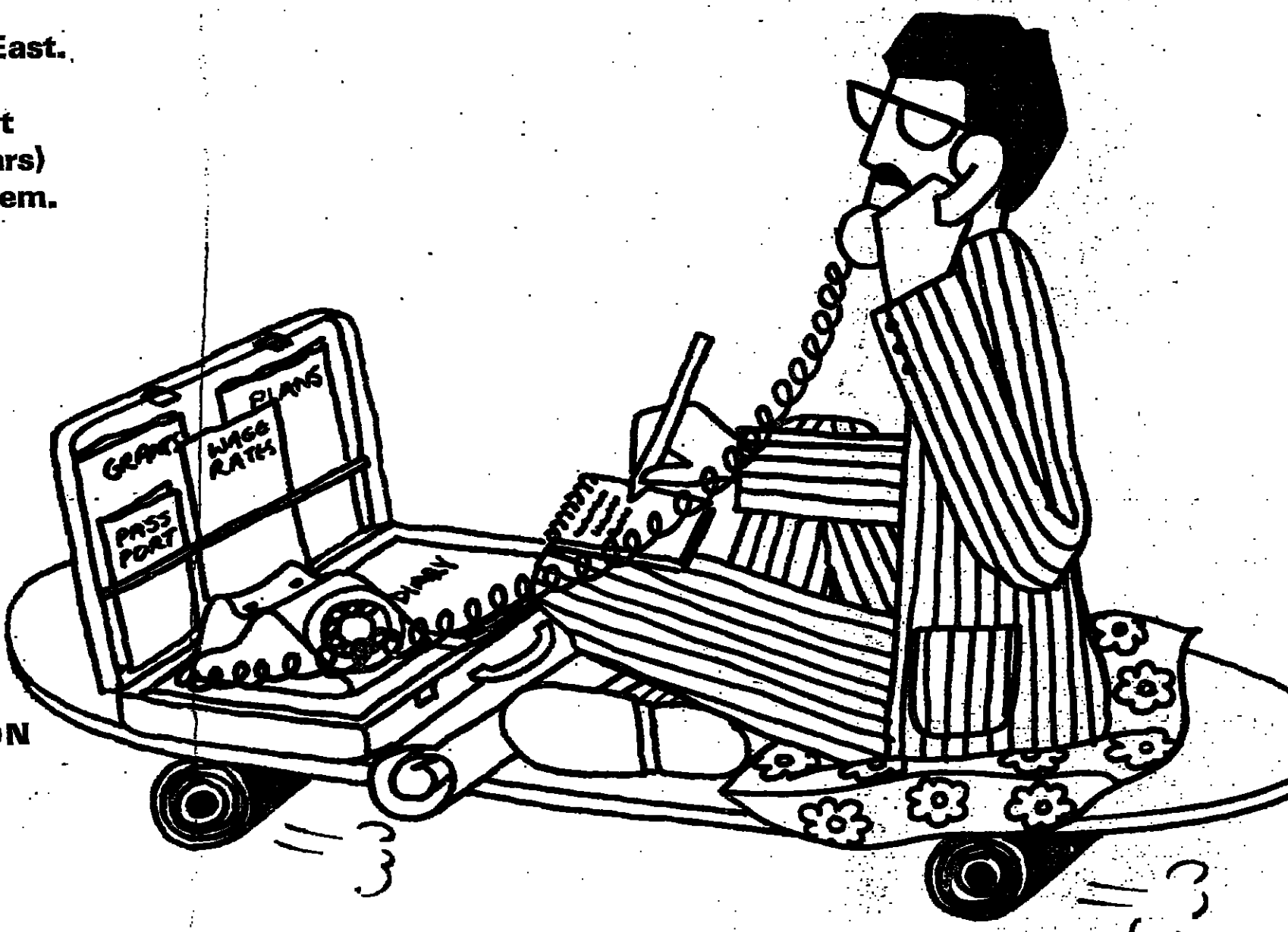
Washington New Town's business experts don't exactly travel by skateboard — but they will go anywhere, anytime to discuss relocating your company in the North East. There are lots of good reasons why you should consider Washington (among them is the fact that over 150 firms have moved here in the last 10 years) but we haven't got room here to tell you about them. It doesn't matter what size your business is (small ones grow in Washington!) if you can show it has potential, we can help. So pick a time convenient to you, ring this number, and one of our experts will "whizz" out to see you.

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## Canadian air travel talks next week

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

THE U.K. will seek cheaper charter fares to and from Canada and more Canadian destinations for British Airways in Anglo-Canadian talks in London next week.

It will be the first time the two countries have discussed aviation since 1969. Among many matters outstanding is the British call for Air Canada to move from Heathrow to Gatwick.

The U.K. team will be headed by Mr. George Rogers, a deputy secretary in the Department of Trade. The Canadian team will be headed by Mr. Ralph Collins, who is responsible for all Canadian air services negotiations.

The U.K. has cordial relations with Canada on aviation matters, but they could be strained by the U.K. requests.

It is expected that the request that Air Canada should move all its scheduled air services from Heathrow to Gatwick—with a

corresponding move by British Airways for its Canadian operations—will be strongly resisted. The aim of the transfer is to boost traffic at Gatwick—which has been modernised at a cost of £100m—and ease congestion at Heathrow.

On the charter side of the air-line business the U.K. would like to see Canada cutting from the present 45 days to 21 days the period of "advance booking" required by intending passengers, with a cut in fares also.

The U.K. team will point out that fares from Canada to the U.K. on charters are higher than fares from the U.K. to Canada by a substantial margin—the Toronto-London return rate is £229 against the London-Toronto rate of £250.

So far as new routes for British Airways are concerned, the aim is to try to win rights to fly to and from Vancouver with, perhaps, some of the mid-Western Canadian cities added.

## Bid to raise business

BRITISH AIRWAYS is trying to raise the number of business travellers it carries and the revenue it earns, writes Michael Donne. Its target is revenue of £600m, or 48 per cent. of total revenue world-wide in this financial year. This represents an 18 per cent. rise on 1977-78.

The airline is planning a package of improvements for its "executive cabin" passengers, ranging from improved comfort to language lessons and "keep fit" programmes involving instruction in isometric exercises—not gymnastics in the aircraft aisles.

The plan is to make greater use of the 44-48 seat executive cabin, situated immediately behind the first-class cabin on 747 jets. Travellers can reserve their seats in this cabin immediately on making a flight booking, instead of waiting until they arrive at the airport.

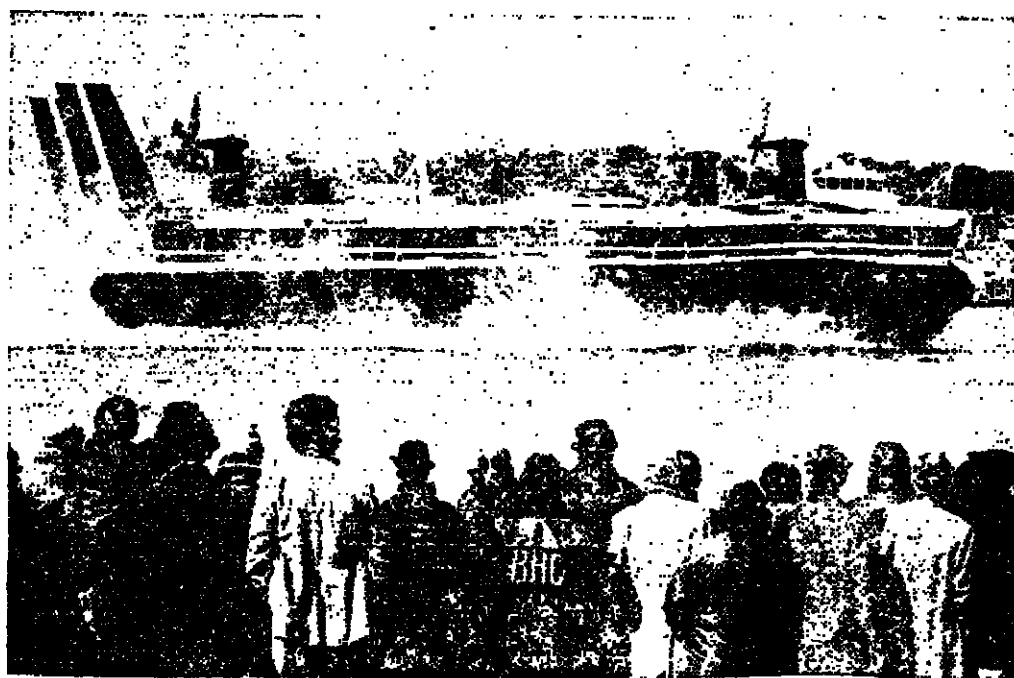
British Airways is also improving the service it offers its 50,000 executive-card-holders, including more lounges at overseas airports, such as at Cologne, Vienna, Budapest and Johannesburg, and improvements to existing lounges.

In addition, several airports will offer more first-class check-in desks, some of which will

## Approval given to £13m. town centre scheme

ST ALBANS District Council has approved a £13m. town centre shopping development. The vote, which ends 13 years of debate over the Hertfordshire town's central area, gives the development to Samuel Properties, to be financed by Standard Life Assurance.

The 250,000 square foot complex is expected to take more than two years to build and will create a net 124,000 square feet of shopping space in the town. House of Fraser has agreed provisionally to develop one of its Army and Navy stores in the complex and International Stores in the main food retailer.



Crowds watching yesterday's launching of the world's largest hovercraft, Princess Anne, at British Hovercraft's factory at Cowes, Isle of Wight. The 500-ton, 185-foot craft goes into service on British Rail Seaford's Dover/Boulogne/Calais route in June.

## Shell claims taxation could delay sea oil programme

BY RAY DAFTER, ENERGY CORRESPONDENT

A SENIOR executive of the Shell oil group has claimed that the lack of tax incentives in the North Sea could hold back development of small, marginally economic fields.

Mr. Peter Baxendell, a managing director of the Royal Dutch Shell Group and chairman of Shell U.K., said that some governments had granted a flexible tax system to develop the exploitation of such marginal fields.

"Here in the U.K. it is becoming increasingly apparent that insufficient fiscal provision has been made to permit development of the smaller oil and gas accumulations."

The comments, made yesterday at a meeting in London of the Institution of Mining and Metallurgy, contrasted sharply

with the claim made less than a week earlier by Lord Kearton, chairman and chief executive of British National Oil Corporation, that the tax structure was "extraordinarily attractive" to companies.

Mr. Baxendell said that the cost of producing oil from the North Sea was now up to £10,000 for every daily barrel of crude extracted from a new field.

The cost of Middle East developments in the early 1970s was about \$500 per daily barrel. Exploration costs had also risen sharply. One well drilled last year in the Atlantic to the West of Ireland had cost about \$17m.

Higher financial risks are being uneconomic. Oil companies must be given assurances about the minimum level of oil production they would be allowed.

## Leyland names bus sales chief

FINANCIAL TIMES REPORTER

LEYLAND VEHICLES, the commercial vehicle subsidiary of British Leyland, has appointed Mr. Colin Watters as home sales director for its passenger service division—the section responsible for buses.

Mr. Watters, 49, formerly bus sales manager at Leyland, succeeds Mr. Trevor Webster, who joined the Metro-Cammell group. Leyland's main competitor in the U.K. bus industry, several months ago.

The appointment leaves Leyland Vehicles with one main job still to fill after the recent reorganisation of that managing director of the medium-light vehicle division in Scotland. The division was formerly headed by Mr. Harold Musgrave, now Austin Morris's manufacturing director.

The job of finance director was filled recently by Mr. Ken MacIver, who replaced Mr. Peter McGrath after his move to become managing director of British Leyland Components.

Leyland has lost another senior director within the components division, Mr. John Evans, who has been appointed managing director of Park Brothers of Blackburn. He was previously general manager and director of Bute Electric.

## Lake planners defer decision on Ennerdale

THE Lake District special planning board deferred a decision on whether or not to oppose the North West Water Authority's proposal to raise Ennerdale by 4 feet to supply water to West Cumbria.

The board voted by 12 to 11 to take no action until Cumbria County Council has studied the latest report from the board's consultant water engineer and has made observations on it.

This over-ruled a recommendation of the board's own planning committee that the board oppose the abstraction.

Conservative county councillors on the board are eager to avoid a confrontation with the county council, which recently decided not to object to the Ennerdale scheme, and they feel that the deferment will give the council time to think again.

## Delay in change to company law causes concern

BY MARGARET REID

CONCERN over the Government's delay in amending company law to discourage abuses and bringing in legislation to tighten rules on deposit-taking institutions has been voiced by the accountancy profession.

New incentives for individuals backing the growth of small businesses also are recommended by the Consultative Committee of Accountancy Bodies, which suggests tax concessions and a system for insuring such guarantors against the risks they shoulder.

In their evidence to Sir Harold Wilson's committee on financial institutions, the accountants concentrate on regulation of the City and on the need to alleviate burdens imposed on small companies and the desirability of stimulating the flow of equity capital to such concerns.

In a lengthy memorandum published today a week after the announcement of the City's new self-regulatory body the Council for the Securities Industry, the accountants put their full weight behind the concept of voluntary regulation in a broad legal framework.

But they are worried that action has not been taken by the Government to follow up the proposals to strengthen control over the banking system which were published as long ago as August, 1976, in the White Paper entitled *The Licensing and Supervision of Deposit-taking Institutions*.

"We understand that legislation is not expected to be introduced until 1979, and we must record our deep concern that the Parliamentary delays which afflict this and virtually every other measure aimed at improving the conduct of companies in general and financial institutions in particular, should be retained in the company's profits, if any. They also suggest that tax payable by participants on remuneration voted, but retained in the company, should be capable of passage about what they see as the urgent need for the new Companies Bill—which lately expiry of a specified period, has been postponed—the whichever is the sooner.

## Personal income

Dealing with small businesses, and the need to encourage personal backers of them, the accountants suggest several tax adjustments.

They propose that the first-year capital allowances available for new capital spending on plant in the case of small companies, alternatively should be capable of apportionment among the participants and so set directly against their personal income, rather than against the company's profits, if any.

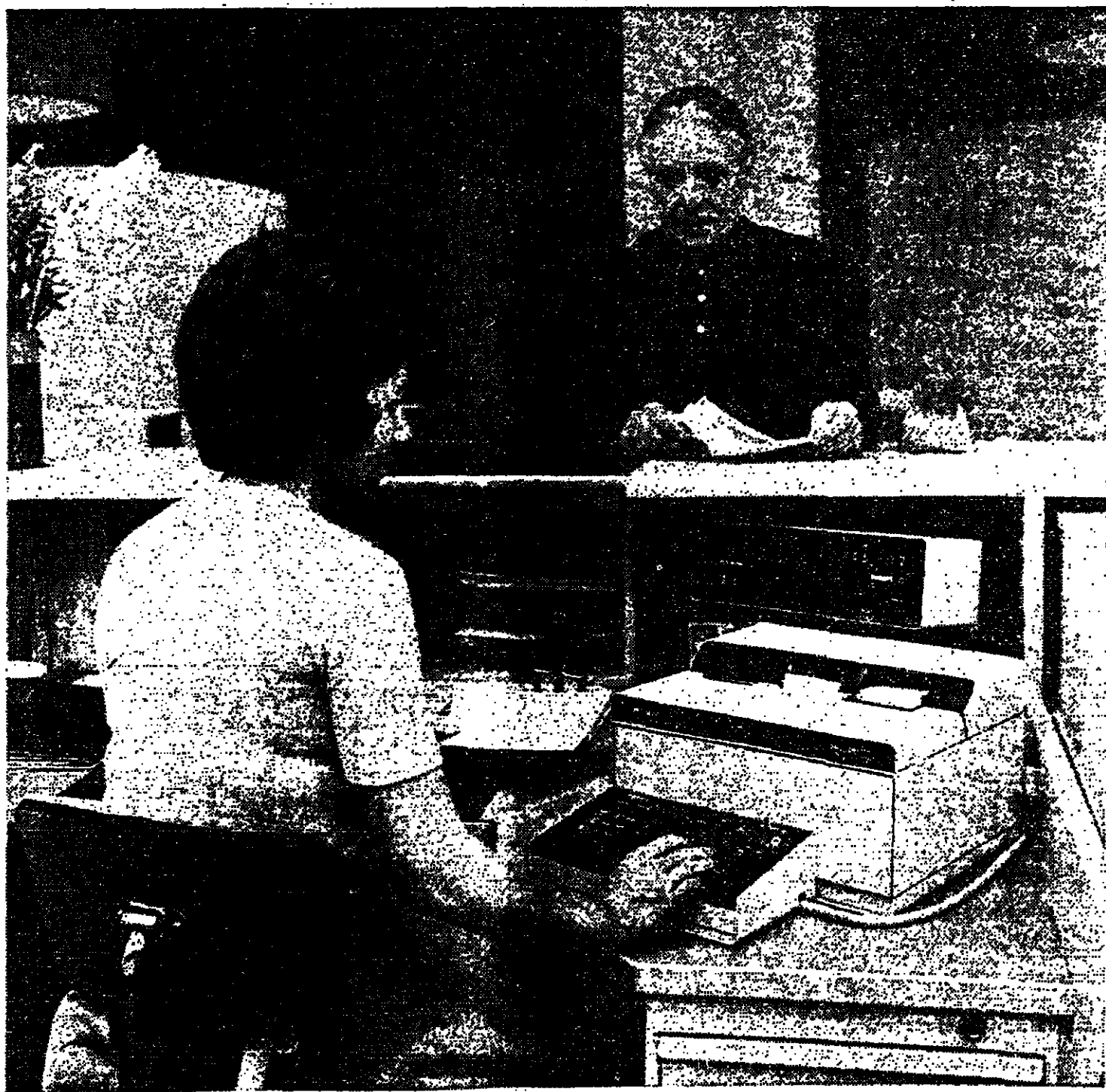
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## Railway buffet price cuts

BRITISH RAIL yesterday announced experimental price-cutting on scores of items sold in buffet cars on more than one-third of its inter-city trains.

The six-month experiment is to be 3p off a packet of biscuits; test public reaction and marks 5p off sandwiches, with the most expensive costing 29p; and 4p off to make catering play a more a pork pie.

# From Europe's biggest name in electronics—the world's leading financial terminal system



Europe's largest electronics company—Philips—is now the world's leading manufacturer of financial terminal systems; PTS 6000 terminal equipment has been ordered for some 20,000 teller positions since 1971. The reasons for this achievement can be summarised in two words: size and service.

### Size

Philips' size means that massive investment is available for research and development in all areas of electronics progress: with worldwide sales of over £7,000 million, and an R & D budget exceeding £300 million, Philips can offer a degree of technological sophistication which few other concerns can rival. Thus Philips is a world leader in micro components: a major name in computers, with nearly 70,000 separate installations; and also Europe's premier supplier in telecommunications—the key to the distributed data processing systems of the future.

### Service

Philips' size also accounts for the company's attitude to service: all aspects of Philips' activity are uniquely customer-orientated, and its standards of customer service are acknowledged as being second to none. Nowhere is Philips' concern for service more obvious than in Britain: a nationwide customer support network, looking after £40 million-worth of equipment and 2,700 users, is recognised as setting standards for the entire industry.

### Success

Launched only recently in the UK, the PTS 6000 system has achieved notable success since January 1977, with twenty orders to date from banks and local authorities all over the country, while special versions of PTS equipment have been manufactured to UK customers' specific requirements. The PTS 6000 is rapidly proving itself to be the preferred system for counter terminals in the UK, as it is elsewhere in the world. For further details you are invited to talk to Philips about your data processing requirements—ring the Special Accounts Manager, Bruce Anderson, at Philips Data Systems, 0206 5115. You'll find that Philips' people talk your language.

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computers that talk  
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PHILIPS



HOME NEWS

### London rate grant challenge

Financial Times Reporter

THE GOVERNMENT has given London a greater share of the Rate Support Grant than is necessary after a fairer system for distributing the £7.5bn. grant — which meets about 60 per cent. of local authority expenditure overall — is urged by the Association of County Councils.

The result of the allocation of the grant was that ratepayers in county districts now faced increases of 12 per cent., while London ratepayers would receive rises averaging 3 per cent., Mr. John Grignon, chairman of the association's local government finance committee, said yesterday.

"We believe the Government's decision on the distribution of the Rate Support Grant is mainly responsible for this huge difference."

### Night study for accountants

FROM next October the London School of Economics is to provide evening courses for the London University MSc. in accounting and finance. Up to now these courses have been available only in the daytime.

## Healey boom 'may put Britain in red'

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE CURRENT account of the U.K. balance of payments could be back in the red by the end of this year in spite of a rising contribution for North Sea oil. The deficit could be running at an annual rate of nearly £1bn. by the final quarter of 1979.

This is the central conclusion of a gloomy assessment of the U.K.'s economic prospects produced by the ITEM Club, which was founded last year by Selcon Computer Services and the EuroMoney Research Bureau, using the forecasting model of the economy made available to the public by the Treasury.

This does not produce the same result as the Treasury forecasts, not only because the outside users provide their own working assumptions but also because the operation of the model requires a large number of independent judgments.

The ITEM Club argues that from its forecasts the turnaround from surplus to deficit will be as rapid in the Healey boom of 1978-79 as in the Barber boom of 1972-73, as a result of a flood of imports sucked in by higher consumer spending.

"If Britain does run into balance of payments troubles again, too soon after struggling back into surplus, the effect will be traumatic," according to the Club's analysis.

"The deficit occurs despite only modest growth—less than a

four per cent. rise in Gross Domestic Product in the two years to the end of 1979—and rising unemployment, up to 11m. by the end of next year.

No mix of conventional policies—fiscal and monetary restraint, wage and price controls, sterling depreciation, external borrowing—will solve this problem. In consequence, Britain will drift, as the Cambridge Economic Policy Group has argued, into import controls."

### Faster British Rail service to Edinburgh

BRITISH RAIL'S fastest train from London to Edinburgh, the Flying Scotsman, will be 38 minutes quicker this summer. With the introduction of new high speed services on May 8 it will make the 393-mile journey in four hours 50 minutes.

Mr. Leslie Soane, general manager of BR Scotland, said in Edinburgh that the faster service on the East Coast main line heralded a new era in Anglo-Scottish travel.

Increased passenger figures on the route from London to Bristol and South Wales, where the new high speed services were introduced 18 months ago, clearly demonstrated that the public liked the new trains,

### Chasing the deer exports

BY RAY PERMAN

THE EXPORT potential of commercially-produced venison is to be studied by the Highlands and Islands Development Board, which has already bought an estate to farm deer experimentally.

Output of Scottish venison is about 35,000 carcasses a year (1,500 tonnes), worth £2.4m. at last season's prices, and most of it is exported.

But production could be substantially increased if the board's experience proves that commercial farming on presently under-used moorland is feasible.

West Germany has emerged as the most important overseas market, taking two-thirds of exports, but little is known of the factors influencing supply and demand.

"To find out more, the board is sponsoring a study at doctorate level at the University of Stirling, where work has already been done on the production economics of red-deer husbandry."

A year ago, the board bought the 3,500-acre Rahoy estate on the west coast of Scotland for £275,000, and is stocking it with cows, either caught wild or transferred from the research farm at Glensaucho.

## Merger of local and central audit bodies suggested

BY DAVID CHURCHILL

A POSSIBLE amalgamation of the auditing bodies responsible for central and local government was hinted at yesterday by Sir Douglas Henley, the Comptroller and Auditor General.

His comments were made in response to the recent Commons Expenditure Committee report on the Civil Service.

His views appear to go further than those outlined by the Government in its White Paper on the Civil Service published last month. They are likely to face strong criticism from local authorities who fear an encroachment of central control over local government affairs.

In his response, published yesterday by the Expenditure Committee, Sir Douglas pointed out that the Comptroller could not give personal attention to the issues arising from the audits of about 500 local authorities.

But it would be possible to "exercise a measure of central guidance and supervision over such matters as the audit methods and standards to be implemented, and the nature and balance of operational audits."

He could also make general reports on such matters, which would be laid before Parliament and made available to local authorities as a whole.

This, Sir Douglas said, would give Parliament more wide-ranging information on the activities of local authorities as well as leaving local audit reports to the individual local authorities and their electors.

"I think, therefore, it can be argued that an amalgamation of the District Audit Service (local government) with the Exchequer and Audit Department (central government) under a common

head would be one way of achieving a system of audit which in principle could meet both these local and national objectives."

Since Parliament would want to maintain the constitutional independence of local authorities, "it would seem inappropriate for a Parliamentary Committee to attempt to exercise surveillance over the affairs of particular local authorities."

He added: "It also seems to me probable that an amalgamation of the two public audit services would be helpful from the point of view of staffing, staff management, and career opportunities."

"The duties at both national and local level have many similarities, extending as they do from the normal range of financial and management accounting audits through to wider questions of value for money, and the main professional qualifications required are broadly the same."

But Sir Douglas stressed that any change would require careful planning and agreement at national and local level, as well as legislation.

Sir Douglas also suggested that "when a departmental function is hived off to a new public body it should be standard practice for the audit of the new body to be conducted by the Comptroller and Auditor General."

## Profit sharing by law opposed

Financial Times Reporter

THE British Institute of Management has told the Board of Inland Revenue that its members have shown "no great degree of enthusiasm" for the proposals put forward in the board's consultative document, "Profit-sharing: Tax Relief."

Employee participation and profit-sharing are closely linked and should be considered together, the Institute believes. "In general our members favour the encouragement of both, but they are strongly against the imposition of either by law," writes Mr. Roy Close, director-general of the Institute in his submission to Inland Revenue.

"Profit-sharing schemes can be categorised into two main types: first, share-based, and secondly, cash-based and cashable share schemes. Our members are, on the whole, opposed to restrictions which prevent the sale of shares by employees and have a strong preference for cash and/or cashable share schemes."

The advantages of share-based schemes were that they appeared to be more likely to influence employee attitudes and encourage greater identification with the company.

"On the other hand, cash-based schemes have the advantage of much greater immediacy and directness, and it is thought, have a greater appeal to employees, especially those on the shop floor. The majority of our members whom we consulted expressed a preference for cash and/or cashable share schemes," writes Mr. Close.

The Institute suggests that the proposed limit on individual holdings is too low. Also there should be no compulsion to retain shares. If an employee chooses to sell within the holding period he should be able to do so but should forfeit all or part of the tax advantage.

## Coal Board may shut more coke plants

BY KEVIN DONE AND JOHN LLOYD

FURTHER CLOSURES of National Coal Board coke plants are threatened unless the Board succeeds in negotiating a long-term supply contract with the British Steel Corporation. Talks should be concluded in the next two weeks.

In recent months the Board has lost sales worth an estimated £12m. after the Steel Corporation's decision to cease all but emergency purchases of coke for its blast furnaces.

Depressed sales both in the U.K. and overseas have already forced the Coal Board to close down a 250,000-300,000 tonnes a year coke plant at Glasshoughton, near Castleford. About 250 jobs were lost in February, although there were no forced redundancies.

Over-capacity. Altogether the workforce of National Smokeless Fuels, the Coal Board's coke manufacturing subsidiary, has fallen by some 450 in the past 12 months.

Capacity has been reduced by 500,000 tonnes a year, but the Board is still left with serious over-capacity.

Remaining plants are capable of producing about 4m. tonnes annually but demand has fallen by a third in the last year, but demand has

been running at only some 3.2m. tonnes over the last year.

While negotiations have continued with British Steel, the Board has tried to persuade further closures by running its 12 plants in South Wales, Durham and the Midlands at about only 70 per cent. of capacity.

The Steel Corporation is the Board's main customer for blast furnace coke, but when it became engulfed by financial crisis last year it chose not to purchase and rely largely on drawing supplies from existing stocks.

The Coal Board hopes for long-term sales to the Steel Corporation of about 500,000 tonnes a year. In the year to the end of March it was counting on sales of as much as 450,000 tonnes to British Steel.

By October last year, however, the Steel Corporation had taken only about 190,000 tonnes. Since then purchases have all but ceased, and they are unlikely to amount to more than 230,000 tonnes for the full year.

The uncertainty over output directly affects the Coal Board's chemicals operations, which are largely based on the by-products of coke manufacture. As a result, it is seeking chemical market opportunities outside its traditional sector.

## Broad banking definition urged by finance houses

BY MICHAEL BLANDEN

PROPOSALS FOR limiting the use of the name bank under the new licensing regulations for deposit taking institutions could have "a destabilising effect," says Mr. Ronald Barnes, chairman of the Finance Houses Association, in the price paid by the consumer.

"We feel, too, that some of the consequences of this legislation could be to limit the availability of some types of credit," the association has continued.

"We do not accept, however, that the proposed restrictions on the use of the word 'bank' and particularly for an extension of 'banking' will significantly assist in the fulfilling of that duty."

Some members of the association might be hit by the restrictions even though they had been banking for very many years.

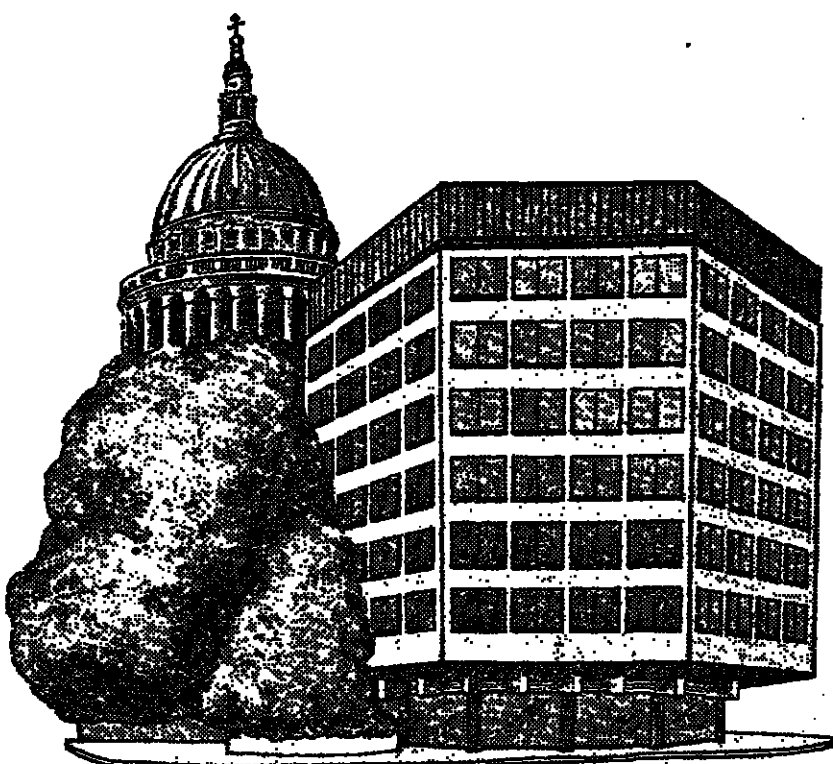
"We would have thought that the supervisory role of the Bank of England would have made cars being registered in England unnecessary."

The association was also concerned about "the distortions of import control—though with which will arise because companies licensed under the legislation as exporters will be able to undertake many banking functions but will have to invent new ways of describing those activities."

The role played by the finance houses in providing finance for industry was important. More than 10 per cent. of total new investment in plant and equipment in the U.K. was provided by them.

Such an involvement with industry made it vitally important to the economy that they are not unduly impeded in step will be to appoint a project officer in each county—Suffolk, business-like manner and in providing instalment credit facilities in the form that suits the needs of their customers."

Mr. Barnes was concerned over some of the results of a new consumer credit legislation and wildlife.



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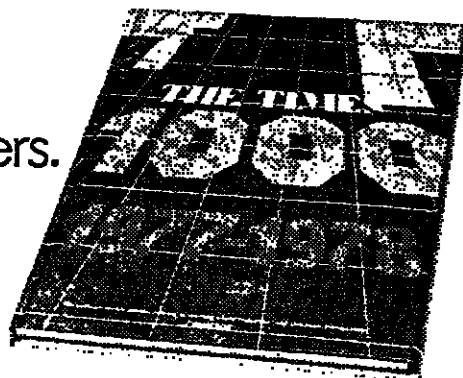
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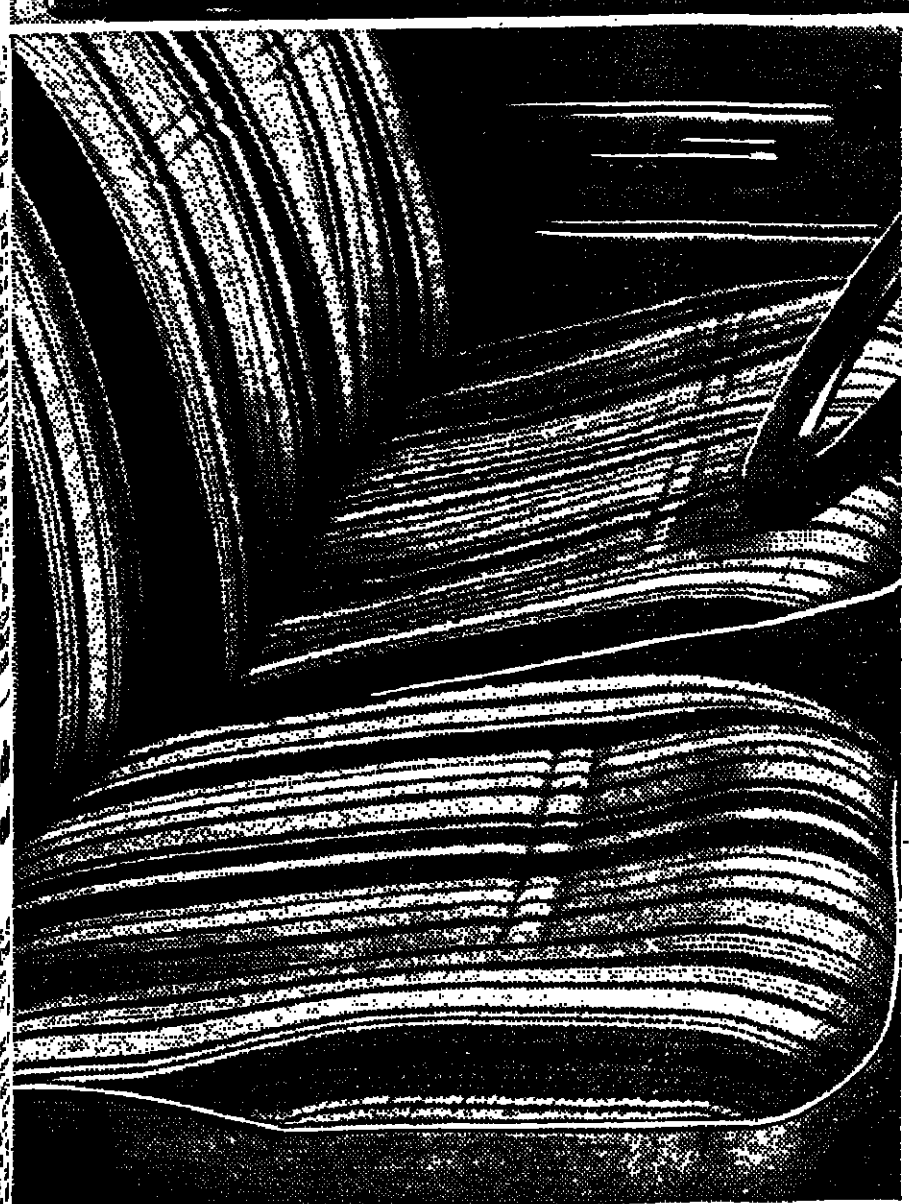
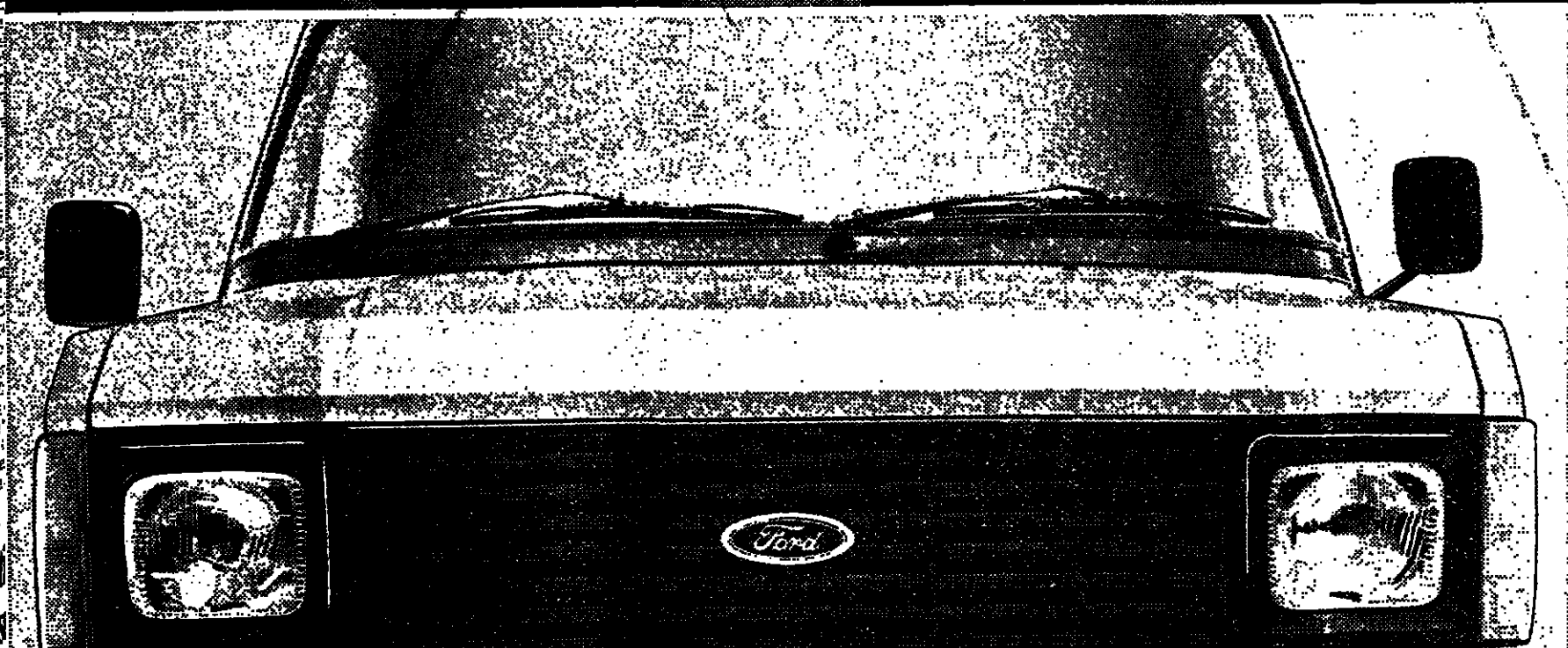
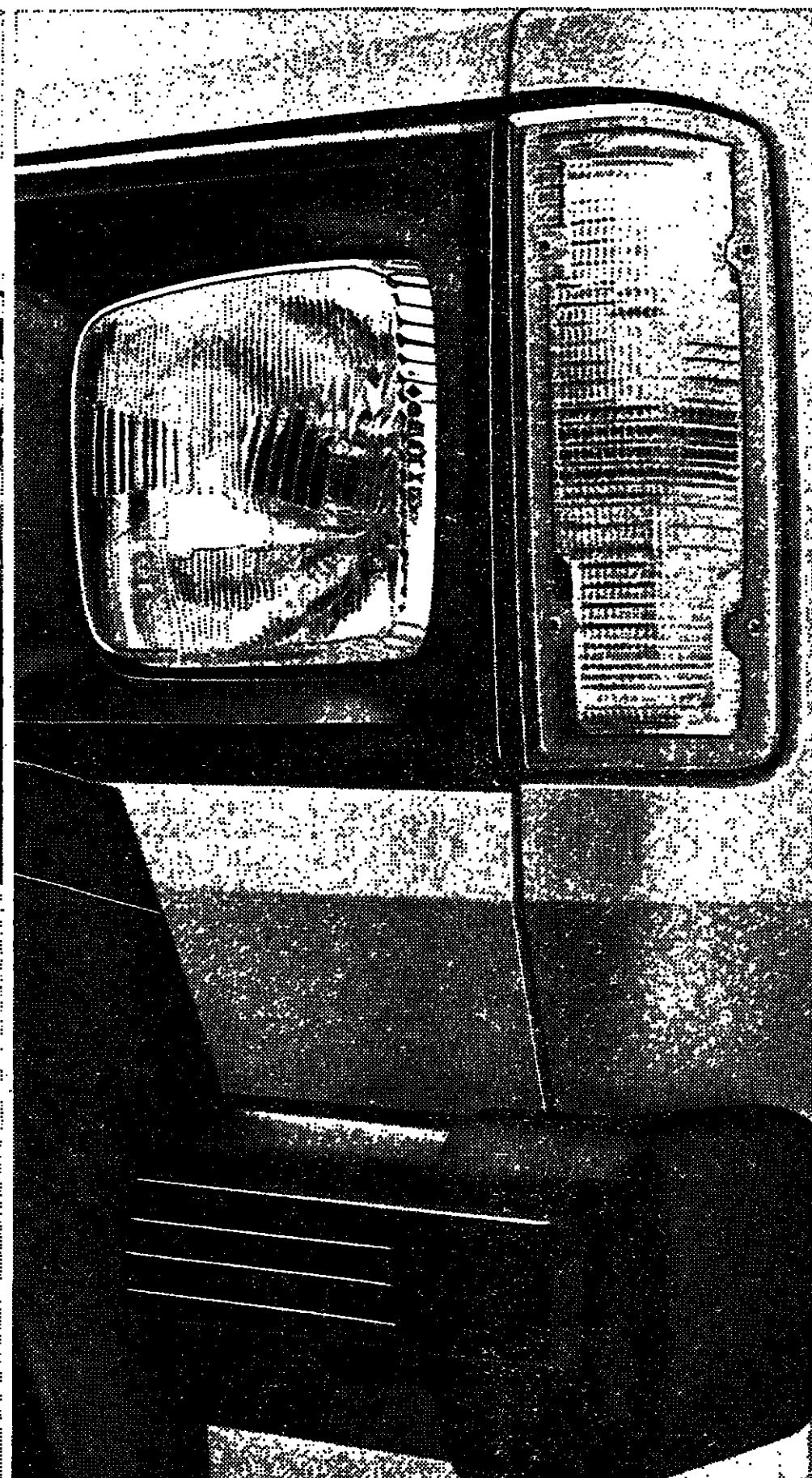
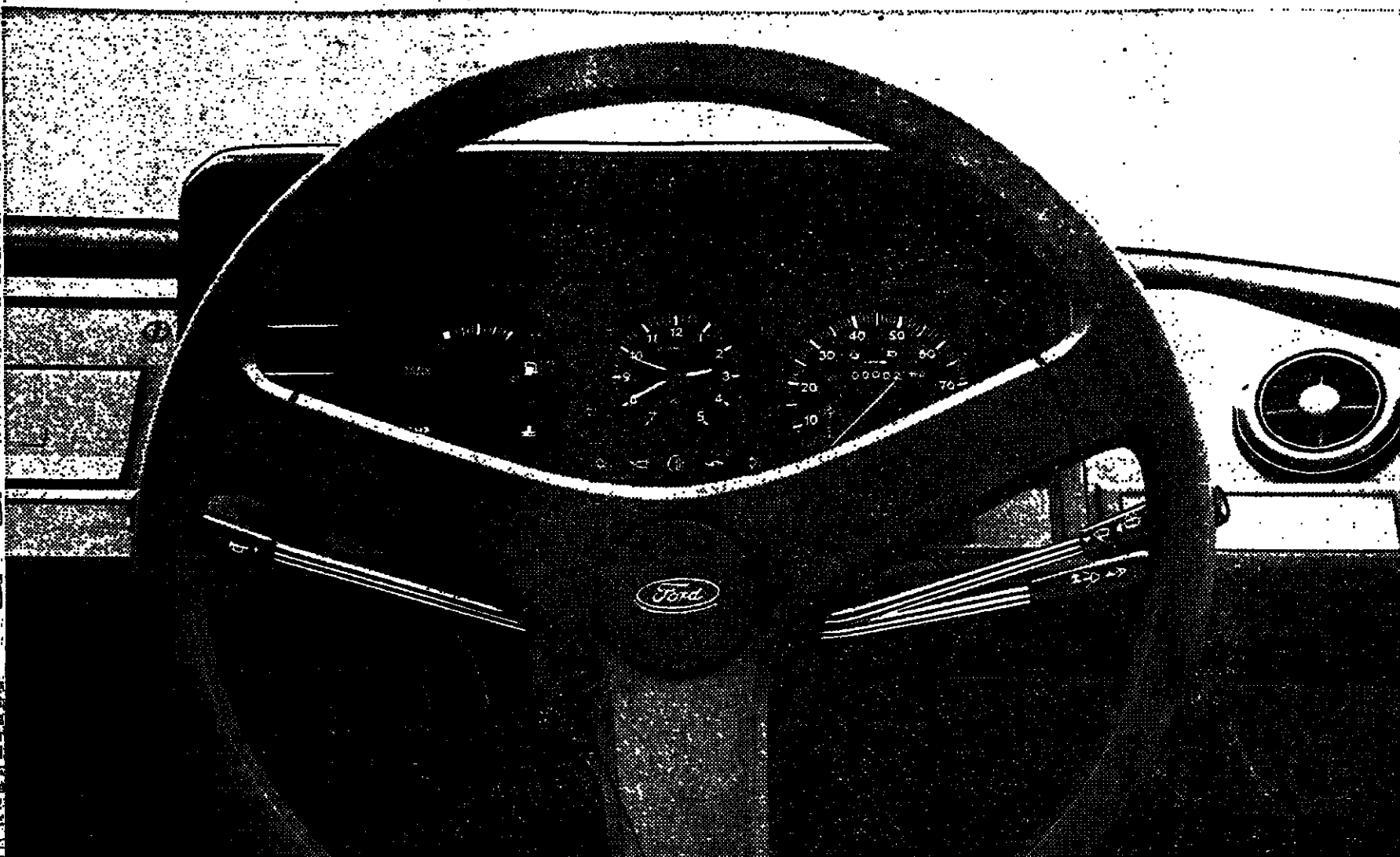
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# LABOUR NEWS

## Top men at Thorn join unions' study

By Pauline Clark, Labour Staff

TOP EXECUTIVES from the Thorn and Pye electronics empires have agreed to join with two of the biggest unions in the consumer sector of the industry to make an urgent study of Britain's failure to invest in advanced electronics technology—in particular the video cassette recorder.

The setting up of the joint study group takes on a special significance after Thorn's announcement of proposals to close its colour television factory in Bradford, Yorkshire, at a cost of 2,200 jobs.

Leading unions in the sector hope that evidence gathered by the group will become a key weapon in their plans to fight the closure.

In particular they want pressure to be put on the Government to give companies incentives to invest rather than run down their operations in the face of the present over-capacity in the industry.

The new study group, set up on the initiative of the Electrical and Plumbing Trades Union and the Association of Scientific, Technical and Managerial Staffs as a sub-committee of the "Neddy" electronics consumer sector working party, expects to produce its report by June.

### Overcapacity

Its members are Mr. Richard Norman, chairman and managing director of Thorn Consumer Electronics, a wholly-owned subsidiary of Thorn Electrical Industries; Mr. Jim Griffiths, managing director of Pye, owned by Philips; Mr. Roy Sanderson, national officer for engineering in the Electrical and Plumbing Trades Union, and Mr. Tim Webb, national officer for electronics in ASTMS.

The union side, in rejecting the Thorn closure proposals, said yesterday that the company was failing to develop products of the next generation and was "recurring too easily to cuts."

Workers at the two threatened Thorn Consumer Electronics factories in the Bradford area are to put forward their own plan to make the factories viable. It will involve re-scheduling of work within the two television assembly factories, which the workers claim will improve output and efficiency.

## Save Speke by closing Belgian plant—unions

By Arthur Smith, Midlands Correspondent

UNION LEADERS are to urge the possible closure of the Leyland Cars factory at Sennece, Belgium, as an alternative to shutting the Speke assembly plant.

Transferring assembly of the Allegro model from Sennece, where 2,700 workers are employed, to Liverpool is one of the options union officials will press on management next week. Executives of the six unions at the Speke assembly plant, which is under three months' notice of closure, have pledged support for a campaign to retain the 3,000-strong work force.

Mr. Grenville Hawley, the Transport and General Workers' Union national secretary for the automotive industry, said last night that a meeting with management was scheduled for next

week, at which the unions would seek alternative work. If the TR7 was phased out at Liverpool, the plant ought to assemble the Allegro, provide components for the car industry, or take in work from the truck and bus division.

Significantly, the national union officials have not yet accepted the principle of compulsory redundancy at Speke.

### Direct appeal

Union leaders are clearly prepared to keep their options open, ready to support any spontaneous opposition to closure from the Speke work force.

While talks are kept at national level, the redundancy terms in exchange for smooth transition of TR7 production to

Coventry will not be put to the work force. However, Leyland may take the initiative in making a direct appeal to employees. But a rump of the labour force might be sufficient to blockade the plant and prevent transfer of the equipment.

Any militant action could halt the supply of Triumph Dolomite body pressings to the Coventry plant. Loss of both the TR7 and Dolomite models would pose serious problems for Leyland and could provoke another financial crisis.

Trade union members of the Cars Council, the top-tier worker participation body, have indicated they are prepared to resume talks after a meeting in London with Mr. Michael Edwards, the British Leyland chairman.

## More union influence urged

By Christian Tyler, Labour Editor

THE Transport and General Workers' Union will press the Government to set up what it calls joint investment committees in industries and individual companies to give unions a chance to influence decisions in favour of domestic employment.

Mr. Moss Evans said after his first session with the union's finance and general purposes committee as general secretary that the proposal was part of a wider drive against persistently high unemployment.

There could be two levels of committee—one at industry level in which national executives of unions would be involved, and one at company level where the emphasis would be on shopfloor representation.

### Efforts

The committees could be tripartite, comprising Government, union and company members. Some companies, notably ICI, already gave their employees a chance to participate in investment planning, he said. The union is redoubling its efforts to persuade the Government to introduce selective import controls on goods like textiles, footwear, electronics and motor cars, and to restore the cuts in public expenditure.

It reaffirmed its decision to tell union negotiators to bargain for a shorter working week, longer holidays and early retirement as an aid to cutting the dole queues. Mr. Evans said insurance com-

## Perkins engine plant production resumes

By Nick Garnett, Labour Staff

THE PERKINS diesel engine company said yesterday that it expected normal production to resume at its main engine plant in Peterborough after agreement on an interim return to work formula at the strike-hit factory.

The strike started this week over payments for assembling marine engines and halted production at the company's Eastfield factory which produces the bulk of Perkins yearly U.K. output of 230,000 engines. About 90 per cent of production is exported.

The stoppage originally involved 115 workers, members of the Amalgamated Union of Engineering Workers, on one of the plant's four production lines. The company said that sympathetic action by workers on

the other lines halted output and 1,200 workers out of the manual labour force of 5,800 had to be laid off.

The management said that it would not discuss the pay issue until the man had returned to normal working.

The Eastfield plant produces three, four and six-cylinder engines for commercial vehicles, agricultural and industrial equipment and marine craft. Engine production at the smaller Fleeton factory in Peterborough has not been affected.

### Deal expected

THE SIGNING of a new national agreement for 11m engineering workers—the first for three years—is expected today.

## Overtime banned by Lucas workers

By Our Labour Staff

PRODUCTION workers at Lucas factories in the Midlands start an overtime ban today to protest about a delay in finalising fringe items in their annual pay settlement.

More than 10,000 workers in the Lucas electrical and battery factories and the Gilling crane plant in Birmingham will take part in the ban. There are also plans for a one-day strike on April 17. The Lucas Aerospace division will not be affected.

Shop stewards will review the position after two weeks. They are likely to call an all-out stoppage if negotiations on the dispute are not started. The production workers agreed a pay settlement this year of a 3.5 per cent rise and a productivity deal. A working committee was set up to discuss fringe items including early retirement, lay-off pay, sick pay, and long service holidays.

## Pottery employers call in ACAS to solve strike

By Pauline Clark

POTTERY EMPLOYERS in the Midlands yesterday called in officials of the Advisory Conciliation and Arbitration Service to help find a solution to a strike which they say they are powerless to settle because of the "caprice" of Government pay policy.

The strike, involving about 300 electrical maintenance workers in 120 pottery companies, is more than a week old.

It is feared that if the backlog of maintenance work continues to grow, some companies may have to shut down kilns. The unofficial action by the electricians is over a claim for parity with the national pay agreement reached last December for workers in electrical contracting companies. Their rates are about 24p an hour lower at 185p. In the past, pottery companies have linked the pay of their electricians with that agreed by the day in the peak period.

electrical contracting industry's joint board but they say they cannot do the same this year because they would be in breach of Government pay policy.

The electrical contractors' agreement provided for flat rate bonuses for those who would not benefit from incentive schemes. It was eventually allowed to go ahead after the Holiday Hall company successfully argued in the Appeal Court that it would be in breach of contract if it did not pay the agreed rates.

### Irish ferry

A THIRD ferry is to be introduced on the Larn-Cairryan route this month by Townsend Thoresen. The company's new ferry, the *Thoresen*, will increase sailings on Wednesdays and Thursdays from ten to 14 a day in the peak period.

## No Front members call to union

A CAMPAIGN is being waged by sections of the General Municipal Workers' Union to prevent National Front members from belonging to Britain's largest union. It came after a recent decision by the National Union of Railwaymen to action against Front members.

The preliminary agenda of the GMWU conference at Scarborough in June contains motions drawing attention to dangers of Front members in union.

The most far-reaching of from Romford, London and NF membership is "wholly compatible with membership of the GMWU." It urges the secretaries to draw a membership from any member.

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### CALL FOR TENDER



## EMIRATES & SUDAN INVESTMENT CO. LTD.

### TENDER FOR THE CONSTRUCTION OF 200 WAREHOUSES (RED SEA REGION)

#### PHASE ONE: 34 WAREHOUSES AT PORT SUDAN

- The Chairman of the Board of Directors, Emirates & Sudan Investment Co. Ltd., invites Tenders from competent contractors for the construction of 34 "Thirty four" Warehouses complete at Port Sudan (D.R. of Sudan) as phase one from the total number above.
- The Tender Documents "in English only" can be obtained from the office of the Managing Director of the Emirates & Sudan Investment Co. Ltd., 16 Babiker Bedri St., P.O. Box 7036, Khartoum, Telex 524 EMSU KM, Telegraphic Address: EMSU Khartoum, during office hours against payment of L.S.100 (one hundred Sudanese pounds = £145 US\$290) non-refundable.
- Tenders will be accepted for 4 warehouses as a unit and Tenderers should deposit a sum of L.S.4000 (Four Thousand Sudanese pounds) or its equivalent in other convertible currencies either by certified cheque or a letter of guarantee from a reputable bank valid for at least three months after the closing date as a preliminary deposit in the name of the Managing Director, Emirates & Sudan Investment Co. Ltd., for each unit. Tenderers for more than one unit should multiply their deposit accordingly. Separate offers per unit for lighting and fire systems may be added as option.
- The successful Tenderer/Tenderers shall be asked to sign formal contract within two weeks after being notified of the acceptance in writing and to complete the deposit to 10% (ten per cent) of the total value of the contract either by a certified cheque or a letter of guarantee from a reputable bank valid for one year after handing over all works. Other forms of guarantee may be required for longer period. Any other plans for payment that may lead to the reduction of the cost could be proposed by the tenderers. If the contractor fails to sign the contract within the specified time, he shall lose his right to recover the preliminary deposit.
- The preliminary deposit shall be refunded to the unsuccessful tenderers two weeks after the firm award of the contract.
- Tenderers shall state clearly the following:
  - The names, qualifications, and experience of engineers and technicians who will be responsible for the execution of the works.
  - Examples of similar projects they have executed.
  - A detailed programme specifying the progress of the works and the time required for the completion of all works specified in the tender and shown in the drawings, as from the date of the signature of the contract.
  - A list of equipment and machinery in their possession necessary for execution of the works.
- The supply of all materials, equipment and machinery whether local or imported necessary for the execution of all works is solely the responsibility of the Contractor.
- Tenders shall be valid for at least three months after the closing date mentioned in para (12) below. The offer may be based on the detailed alternative or for an accepted alternative to be presented in detail to the Managing Director.
- All information relevant to the tender shall be submitted in English Language.
- For imported items, The Emirates & Sudan Investment Co. Ltd. will directly pay all insurance, clearance, customs and other Port charges.
- Foreign Currency will be paid directly from The Emirates & Sudan Investment Co. Ltd. reserves with The National Bank Abu Dhabi.
- Tenders should bear the prescribed stamp duty and should be addressed in sealed envelopes bearing the words (TENDER FOR THE CONSTRUCTION OF WAREHOUSES AT PORT SUDAN), to The Managing Director, Emirates & Sudan Investment Co. Ltd. and should be delivered to the Tenders Box at the Company's Head Office, 16 Babiker Bedri St., 3rd Floor, Khartoum, Sudan, not later than 12.00 Noon Sudan Time Tuesday the 20th of June 1978.
- Any tender which does not comply with any of the above-mentioned requirements will be rejected.
- The Chairman of the Board of Directors, Emirates & Sudan Investment Co. Ltd., is not bound to accept the lowest or any other tender.

### CONTRACTS AND TENDERS

#### INVITATION TO TENDER

The Posts and Telecommunications Corporation of Ghana once again invites tenders, who will be limited to nationals of countries of Africa, Asia, Europe, Latin America, the Middle East and Switzerland, only for parts of:

**NATIONAL TELECOMMUNICATIONS EXPANSION PROJECT**  
The invitation to tender is for the following two sub-projects:

**Sub-project A:**  
Installation on turn-key basis of new automatic telephone exchanges (stored programme control) which comprise each exchange with manual switchboards (tertiary control) for local exchanges with 16,000 lines in total in multi-exchange areas, 6 local exchanges equipped with 2,000 lines in total together with manual switchboards (tertiary or secondary control in single exchange areas), and power sub-project Dittam F:

Procurement of 170 sets of electronic teleprinter. Prospective tenders may obtain copies of the specifications against payment of two hundred U.S. dollars (\$200) per complete copy, between 09.00 hours and 16.00 hours GMT from 20th March 1978 to 15th May 1978, at the address given below.

**WORLD BANK PROJECT OFFICE (Room 312, 3rd Floor), THE POSTS AND TELECOMMUNICATIONS CORPORATION BUILDING, ACCRA, NORTH, ACCRA, GHANA.**

The closing date for submission of tenders will be at 11.00 a.m. Ghana time on 25th August, 1978.

Director General, The Post and Telecommunications Corporation of the Republic of Ghana.

### LEGAL NOTICES

No. 00927 of 1978  
In the HIGH COURT OF JUSTICE, CHANCERY DIVISION COMPANIES COURT, In the Matter of SYMONS INVESTMENTS LIMITED and the Matter of The Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 20th day of March 1978, presented to the said Court by PERKINS MOSES of 53 Shelton Court, Lower Edeborough Road, Guildford, Surrey, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 24th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition for the winding up of the said Company must appear at the time of hearing, in person or by his counsel, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

RUBINSTEIN GALLINGHAM, 6 Raymond Buildings, Gray's Inn, London, W.C.1.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve notice in writing of his intention to do so, the notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post, not later than four o'clock in the afternoon of the 21st day of April 1978.

No. 00928 of 1978  
In the HIGH COURT OF JUSTICE, CHANCERY DIVISION COMPANIES COURT, In the Matter of WALSH-GUILDFORD CONSTRUCTION LIMITED and the Matter of The Companies Act, 1968.

NOTICE IS HEREBY GIVEN, that a Petition for the winding up of the above-named Company by the High Court of Justice was on the 31st day of March 1978, presented to the said Court by SANDRELL PERKINS LIMITED whose registered office is situate at Colmore Wharf, Farnham Road, Aylesford, Kent, and that the said Petition is directed to be heard before the Court sitting at the Royal Courts of Justice, Strand, London, W.C.2, on the 24th day of April 1978, and any creditor or contributory of the said Company desirous to support or oppose the making of an Order on the said Petition for the winding up of the said Company must appear at the time of hearing, in person or by his counsel, and a copy of the Petition will be furnished by the undersigned to any creditor or contributory of the said Company requiring such copy on payment of the regulated charge for the same.

BRAY & WALLER, 24, Hind Court, Fleet Street, London EC4A 3DS. Tel: 01-393 5511.

NOTE—Any person who intends to appear on the hearing of the said Petition must serve notice in writing of his intention to do so, the notice must state the name and address of the person, or if a firm, the name and address of the firm, and must be signed by the person or firm, or his or their solicitor (if any) and must be served, or if posted, must be sent by post, not later than four o'clock in the afternoon of the 21st day of April 1978.

No. 00929 of 1978  
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### COMPANY NOTICES

#### COMPAGNIE FINANCIERE DE PARIS ET DES PAYS-BAS

#### NOTICE TO SHAREHOLDERS

Following a Resolution passed at the Ordinary General Meeting held on 6th April, 1978, a dividend of F.Fr. 1.30 per share of F.Fr. 100 for the year ended 31st December, 1977, will be paid as from 13th April 1978. (See Statement of Additional Payments below.)

**Bearer Shares Certificates**  
Against presentation of Coupon No. 165, residents of the United Kingdom will receive F.Fr. 10.61 per certificate of F.Fr. 100 nominal. (See Statement of Additional Payments below.)

**Coupons will be paid at the rate of exchange ruling on the date of payment.**  
Certificates will be paid at the rate of exchange ruling on the date of payment of the dividend and the corresponding underlying shares.

**Settlement of Additional Payments**  
Under the terms of the Variable Tax Convention between France and the United Kingdom, residents of the United Kingdom will receive F.Fr. 1.30 per share of F.Fr. 100 nominal. (See Statement of Additional Payments below.)

**Payments in respect of Coupons and Bearer Shares Certificates**  
will be made by cheque or by bank transfer to the account of the shareholder. (See Statement of Additional Payments below.)

**Holder's address to be notified**  
Form NF-428 at the time of presentation of Coupons and Bearer Shares Certificates. The Form must be submitted at any time up to 31st December, 1977.

**Dividend of F.Fr. 1.30 per share of F.Fr. 100 nominal**  
will be paid on 13th April 1978. (See Statement of Additional Payments below.)

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# THE NEW FORD TRANSIT

For the past ten years in succession, more people have bought the Ford Transit than any other vehicle in its class.

And no wonder.

It was widely regarded as an operator's dream. Easy to get in and out of. Acres of room in the cab. Easy to load and unload. Easy to service. Tough. And available in enough engine, door configuration and wheelbase versions to cover every conceivable need.

Hardly a prime case for replacement. But what a machine to improve on.

Above, you see the result. The new Ford Transit. All the features that made the old Transit such an enormous success have come back to life in a new stylish package. Hand in hand with a long list of dramatic improvements.

**Basically, this is what we've done to make it better than ever.**

Outside, the styling speaks for itself.

Inside, the seating, instruments and overall trim would put a few family saloons to shame.

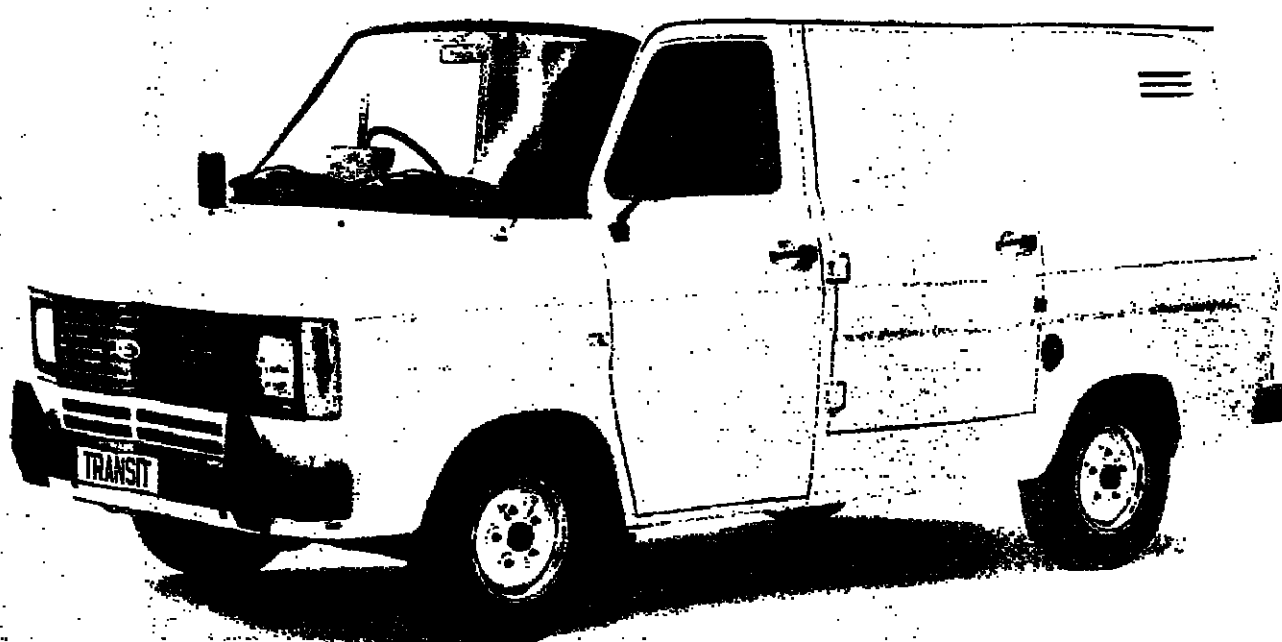
Noise has been reduced to a remarkably low level. A redesigned suspension makes the ride a whole new experience.

And with the addition of 2 new OHC petrol engines that run on 2 star, and a vastly improved 2.4 litre diesel, overall reliability and economy have taken a big turn for the better.

We're confident the new Transit will be a huge success. And why shouldn't we be?

We started with a huge success. And made it even better.

**FORD TRANSIT**



ILLUSTRATIONS ON THIS AND A PREVIOUS PAGE SHOW A CUSTOM VAN WITH 2.0 LITRE OHC ENGINE. OPTIONS ILLUSTRATED INCLUDE SIDE LOADING DOOR, CLOTH TRIM, LAP STRAP, HEADLAMP WASH WITH OVERRIDERS, WHEEL TRIMS, CLOCK, MILEAGE TRIP RECORDER AND RADIO.



## PARLIAMENT AND POLITICS

## Conservatives attack Rees on immigration statement

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

MR. MERLYN REES, the Home Secretary, came under bitter attack from many Tory MPs in the Commons yesterday when he made an interim statement on immigration, rejecting several of the major recommendations put forward last month by the all-party Select Committee on immigration.

The statement was seen by Mr. William Whitelaw, deputy leader of the Conservative party, as an attempt to upstage the Tories' policy document on immigration which he will be unveiling today.

There were jeers of derision from the Labour back benches when, in a brief two-sentence reply, Mr. Whitelaw refused to be drawn by the Government's tactics.

He thought that Mr. Rees's statement showed that the Government intended to do nothing in response to the report of the Select Committee.

"We don't accept this as in any way satisfactory and I shall be making our detailed reasons for this view clear to-morrow," he said.

A few Tory backbenchers appeared to give cautious endorsement to Mr. Rees's announcement, thus lending some credence to his view that the Conservatives were deeply divided on the

issue. But the Opposition was overwhelmingly critical of the Home Secretary's stance. Mr. Ivor Stanbrook (C. Orlington) urged him to "test out the eyeswash about commitments and come clean with the British people."

According to Mr. Stanbrook, the only moral commitment that mattered was the interest of the British people here.

The support for Mr. Rees from the Labour side was equally vociferous. He claimed that the latest figures, released yesterday, showed a continuing drop in the number of immigrants from the new Commonwealth and Pakistan.

The total number accepted for settlement fell from 37,000 in 1976 to 28,000 last year—a reduction of 25 per cent.

In the light of this, the Home Secretary rejected the Select Committee's recommendation, which had implied a new, specific annual quota on immigration.

He said it was particularly important to reassure the immigrant community on this point.

He also turned down the committee's recommendation that the Government should initiate an independent inquiry to consider a system of internal control of immigration.

This would mean identity

cards for everyone and new powers to require their production on demand—a move that he thought would be unacceptable to the British people.

"In the Government's view, no useful purpose would be served by setting up an inquiry," he said to hearty cheers from Labour members.

But the Government would continue to take vigorous action on immigration control and would energetically pursue discussions with the TUC and the CBI about dealing more effectively with illegal entrants and overstayers.

"The United Kingdom is now and will remain a multicultural society," Mr. Rees said. "Our overriding responsibility is to do all in our power to make it a harmonious one."

He was also severely critical of Mrs. Margaret Thatcher, the Conservative leader, for having said that the British people were afraid of being "swamped" by immigration.

"The figures today show clearly that we are not being swamped. Anybody who gives that impression is wrong. The figures speak for themselves."

Any changes in policy need to be related to the fact that the sort of immigration there was in the 1960s is over.

Commenting on the immigration statement, Lord Hailsham, one of the elder statesmen of the Conservative Party, took a markedly different line from his colleagues in the Commons.

Replying to the Lord Chancellor, who read the statement in the House of Lords, he laid strong emphasis on the areas of agreement between the three major parties.

Lord Hailsham, a member of the Shadow Cabinet, endorsed the object of the Government in seeking to relieve anxieties on "this highly-charged subject."

He thought it would be well to emphasise that the points of agreement between the Labour party and his own were more important and much wider than the points of disagreement on this subject.

"I think there is nothing less likely to relieve anxieties than the rather sharp and almost hysterical reaction that has come from certain quarters," he said.

Everyone was now agreed on the principle of honouring commitments already made. He was disappointed, however, that the statement said nothing about the need to give priority to a British national law, which had been one of the most important recommendations of the committee.

## Higher limit for NEB opposed

By Philip Rawstorne

THE CONSERVATIVES are to vote against the Government order in the Commons on Monday to raise the National Enterprise Board's borrowing limits to £1bn. But an order providing for £450m assistance—£300m of it from the NEB—for British Leyland will not be opposed.

Conservative leaders, having decided to back Mr. Michael Edwards' efforts to revive British Leyland, argue that the NEB has sufficient funds available for the operation.

Of the £300m, to be contributed by the Board, £275m was advanced last month as a short-term loan and is now to be converted into equity capital.

Payment of the remaining £25m will leave the NEB with headroom of some £64m, below its present borrowing ceiling of £700m.

Though Sir Leslie Murphy the Board's chairman, has said that this would not be enough to meet the capital needs of the NEB's 33 companies in the next year, the shadow Cabinet has decided to oppose any increase in its limit.

The move is in line with the party's tentative plans for a future Tory Government to convert the NEB into a simple State holding company for problem companies like British Leyland only, so curbing the Board's entrepreneurial activities.

It seems unlikely last night however that the Conservatives would be able to rally enough support among the other opposition parties to block the Government order.

## Callaghan escapes Tory trap about Labour plans for nationalisation

BY IVOR OWEN, PARLIAMENTARY STAFF

WITH THE AID OF Rolls-Royce, undeterred, Mr. Nicholas and its notable achievement in Whistler (C. Macclesfield) securing prospective orders pressed on after Mr. Benn, whose worth £260m, for the RB-211 Bradford speech was described by engine, to power Lockheed Tri-Star jets for Pan-Am, the Prime Minister as being more than Minister effortlessly outdistanced a statement of policy.

Mr. Callaghan told the country "in his own words" that the Labour government's nationalisation plans were more principled terms than those of the Conservative government.

Mrs. Margaret Thatcher, the Opposition leader, joined with Tory backbenchers in an attempt to shake Mr. Callaghan with the commitment to "massive further nationalisation," which, they said, was contained in a speech by Mr. Anthony Wedgwood Benn, the Energy Secretary, in Bradford last month.

They stuck to the chase, even though the Prime Minister gave an early indication of his escape route after warmly praising all the outstanding success, achieved with the RB-211 engine, and disclosing that he had written a note of congratulation to Sir Kenneth Keith, the chairman of the company.

Then, with obvious relish, he pointed out that congratulations were also due to the Conservative Party, which during the Heath Government nationalised Rolls-Royce.

Mr. Callaghan replied that Mr. Benn's speech with the care it deserved. He had done so, and found it excellent in the way it portrayed the philosophy of freedom and democratic socialism.

This brought Mr. David Steel, the Liberal leader, to his feet, to stress that as long as the Labour party survived, there was no possibility of Mr. Benn's "interesting ideas" seeing the light of day.

But this did not satisfy Mrs. Thatcher, who complained that Mr. Benn was known to want "massive further nationalisation," extending to the banks, insurance, land and leading industrial companies.

"Will you say whether you accept or reject that programme?" she demanded.

"I'm not going to say whether you accept or reject that programme," Mr. Callaghan replied.

Mr. Callaghan again repeated that these were questions for the next General Election campaign even though the atmosphere of the House suggested that it had already started.

In a final thrust, he delighted Government supporters by reminding that the one phrase which had caught the public imagination in the earlier arguments over the mixed economy was that used by Mr. Benn when, as Prime Minister, he spoke about "the unacceptable face of capitalism."

## Shore forecasts domestic rate increases of just under 10%

BY CHRISTOPHER DUNN

DOMESTIC RATES this year should go up on average by just under 10 per cent in England and Wales, Mr. Peter Shore, Environment Secretary, predicted in the Commons yesterday.

The forecast contradicted recent estimates by the Rating and Valuation Association, that rates in 1978-79 had risen by 11 per cent.

"On the basis of a 92 per cent sample, the average rates will be 9.7 per cent," Mr. Shore stated, in a written answer to a

Parliamentary question from Mr. Laurie Pavitt (Lab., Brent S.). The figure was a "weighted average which took into account the different sizes of local authorities."

Mr. Shore said that his figure was lower than the association's estimates because the latter's calculations, based on average rates increases, were not "adjusted to local authorities' relative sizes."

The statement was in line with the Government's forecast in November that average domestic rates should rise by less than 10 per cent.

The Government, in its survey sampled 371 out of 402 local authorities. Outer London Boroughs showed an average rate rise of 7.2 per cent. Metropolitan districts as a whole had increases by 9.3 per cent.

Of the non-metropolitan districts, Wales showed the highest average rise, with a 12.5 per cent increase. The average in English non-metropolitan areas was 11.6 per cent.

## Peer condemns seal slaughter

Earlier, Lord Houghton, of Sowerby, the Labour peer, asked whether the Government was persuaded by the widespread revulsion of public opinion against the massive slaughter of young seals in Canada to tell the Canadian Government that the future exports of seal pelts to the U.K. would be unwelcome—or whether, alternatively, they would put this first among their import controls.

Baroness Stedman for the many opponents of the Canadian Government, replied: "The Canadian Government is well aware of the extent of public concern and has received many requests to ban imports of seal pelts."

"In this respect, I understand that the Under-Secretary of State for Trade will be consulting Ministers and colleagues in the Ministry of Agriculture, Fisheries and Food."

Lord Houghton asked whether the United States had also banned these imports and that France was considering doing the same.

Lady Stedman replied: "The United States had banned imports of skins but her information was that none of the countries has such a ban."

She told peers that the Government was primarily concerned with the economic balance between the number of seals the necessity to maintain at a level which would allow the population to recover.

"The Government is also fully aware of the extent of public concern and has received many requests to ban imports of seal pelts."

Lord Houghton asked whether the United States had also banned these imports and that France was considering doing the same.

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## 'Birch' the hooligans, MP urges

A CALL for a return to corporal punishment was made in the Commons yesterday as MPs discussed football hooliganism.

Mr. Michael Brotherton (C. Louth) urged Ministers to make the punishment inflicted by magistrates on hooligans was sufficient to meet the crime. "It is time we returned to corporal punishment for young hooligans," he said, as Labour MPs protested.

But Dr. Shirley Summerskill, Home Office Under-Secretary, replied that it was better to see how recently-increased maximum fines affected the situation, before further measures were considered.

Mr. John Evans (Lab., Newton) suggested that the call by the chairman of the Football Association for greater Government action, made at the time of the Millwall-Ipswich "riot," now looked a bit sick in view of Millwall's punishment.

"That punishment has been reduced to a farce by the decision of the Football League to allow Millwall to play their home game (against Mansfield) at the end of the season," he said.

The football authorities should put their house in order, segregate supporters, fence off pitches and ban the sale of alcohol.

## Mulley rejects plea to abandon nuclear test

BRITAIN'S nuclear test explosion in America today will not herald a new generation of British nuclear weapons, Mr. Fred Mulley, the Defence Secretary said in the Commons yesterday. He rejected a plea by Mr. Frank Allaun (Lab., Salford E.) to abandon the test.

"This test, due to take place at the U.S. Department of Energy's Nevada Test Site, is required to maintain the effectiveness of our nuclear weapons," Mr. Mulley said.

Mr. Mulley replied that no-one was more anxious than he for a comprehensive test ban. No advantage would be gained by Britain's foregoing one of its very few tests. "I can assure you that we have no plans for any new generation of nuclear weapons," he said.

For the Liberals, Mr. Emyln Hooson, urged Mr. Mulley to give an assurance that there was no intention to develop another generation of nuclear weapons. Mr. Mulley replied: "I have repeatedly said there are no new plans for any new generation of nuclear weapons. Anyone who doubts that is doubting my integrity."

The move is in line with the party's tentative plans for a future Tory Government to convert the NEB into a simple State holding company for problem companies like British Leyland only, so curbing the Board's entrepreneurial activities.

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Mr. Allaun said that it would assist the Anglo-American-Russian test ban talks if Britain set the lead by foregoing this test. He asked why it was being carried out at all, if it was not a step towards a new nuclear weapon.

"You don't need to test nuclear bombs to see if they have gone stale like a piece of cheese," he said.

Mr. Mulley replied that no-one was more anxious than he for a comprehensive test ban. No advantage would be gained by Britain's foregoing one of its very few tests. "I can assure you that we have no plans for any new generation of nuclear weapons," he said.

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Mr. Mulley replied that no-one was more anxious than he for a comprehensive test ban. No advantage would be gained by Britain's foregoing one of its very few tests. "I can assure you that we have no plans for any new generation of nuclear weapons," he said.

For the Liberals, Mr. Emyln Hooson, urged Mr. Mulley to give an assurance that there was no intention to develop another generation of nuclear weapons. Mr. Mulley replied: "I have repeatedly said there are no new plans for any new generation of nuclear weapons. Anyone who doubts that is doubting my integrity."

The move is in line with the party's tentative plans for a future Tory Government to convert the NEB into a simple State holding company for problem companies like British Leyland only, so curbing the Board's entrepreneurial activities.

It seems unlikely last night however that the Conservatives would be able to rally enough support among the other opposition parties to block the Government order.

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# The four conflicting roles of BNOC

THE NEW package of licensing measures announced by the Government on Wednesday raises some fundamental questions about the conflicting role of the British National Oil Corporation and its operations on the U.K. Continental Shelf. Very quickly the State undertaking has established itself as both a referee and player; as a partner of the private oil sector but in some respects, an opponent as well.

The established offshore industry is becoming more vocal about this conflict. Hence the remarkably frank outburst by Mr. George Keller, vice-chairman of Standard Oil of California on an ITV programme this week. BNOC—a partner with SOCAL's Chevron subsidiary in the Ninian Field development—was a guest at the albatross around the neck of oil companies, he said. It was an undertaking making no contribution to the British economy but which was responsible for a slow-down in North Sea development. Lord Kearnton, chairman and chief executive, was quick to retaliate by pointing out that the Ninian development programme was far from ideal—“stinking” was his exact word—before BNOC came along.

Mr. Keller's remarks rang true with many North Sea companies although they were not necessarily representative of industry feeling as a whole. Indeed, there seems to be a growing rapport between at least the major oil companies and BNOC. Discussions this week between Lord Kearnton and Mr. Clifton Garvin, chairman and chief executive of the giant Exxon Corporation, are said to have been cordial and constructive.

## Kindly

But even among the majors there is undisguised concern about BNOC's growing offshore role. Sir David Steel, chairman of British Petroleum, mentioned last week that the company was working out methods of co-operation with BNOC although the company was finding that the state oil group was “impinging” more and more on BP's traditional business—such as crude oil trading. Maybe this remark stirred Lord Kearnton to observe that private oil companies were being treated “almost unbelievably kindly” under the existing tax regime.

BP, he said, had shown in its latest accounts that it had paid £350m. in Petroleum Revenue Tax although in fact it had not handed over a penny. To say that the oil companies gave a fair and true picture was nonsense, he told a small gathering of Pressmen following the Corporation's monthly board meeting. (In fact, BP's accounts show that the amount has been set aside for future payment.)

Lord Kearnton also stressed that companies were guaranteed an allowance against PRT of 175 per cent. of their field development costs and that offshore groups could use tax credits from one field to offset development costs on another. Such tax conditions were “extraordinarily attractive,” he said.

However, his comments provoked a swift response from another major oil group this week which told the Financial Times that Lord Kearnton had misinterpreted the reasoning behind the tax structure. The 175 per cent. is to offset high interest charges on the big northernly North Sea quadrant 208. But others are very close to known producing structures.

The Corporation's own exploration department has described the West Shetland area as one of the most exciting prospects on the U.K. Continental Shelf so it is not surprising to see three of the nine blocks allocated in this sector.

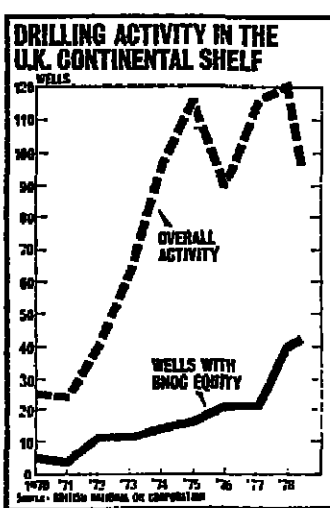
Two of the three, 205/10 and 206/6, might well have been keenly sought after in an open round of licensing because both are very near to British Petroleum's recent discovery. In the North Sea, block 15/6—north of the Claymore/Piper/Tartan complex—and blocks in quadrant 29 and 31, must also be regarded as attractive.

Energy Department officials point out that BNOC did not receive all the blocks that it wanted. Private oil companies have been told that it is not government policy to reserve the cream for the State corporations.

## Confidential

Even so, a suspicion exists within the established offshore industry that BNOC might be using confidential geological information, gained through its growing list of State participation deals, to support its applications for sole licences.

What is more, there is concern that BNOC could use the information to frustrate development plans of the



private sector. Here is how it might work: A consortium makes a discovery in block A but finds that the producing structure extends into adjoining block B. In the past the group would have told only the Energy Department, keeping the information a commercial secret so that it could bid for block B in a future licence round. Now there is a fear that BNOC, armed with all the information at its disposal through participation, will collect block B and others like it. In this way it would not only control the speed of oil exploitation in its own block—perhaps desirable in the interests

of a national depletion policy—but it might also influence the development programmes in neighbouring blocks; those like block A.

This is not a hypothetical case for there are many structures and fields that cross boundaries between one block and another. In some instances between one national territory and another. But it does demonstrate how BNOC's roles as a monitoring and advisory agency and commercial undertaking might be in conflict at times.

On the other hand, the private sector should recognise that its dual responsibility could act in their interest. As a licence operator, with a significant equity stake in several existing concessions, BNOC is obtaining first hand knowledge of the problems associated with field development programmes. The Corporation, which has just brought on stream its Thistle Field, now knows all about the headaches of commissioning large platforms in winter storm conditions. It has experience—both good and bad—of British industry's ability to supply equipment and services in the North Sea. All this should help the Government and the oil industry to work out rational procurement policies.

The Corporation's growing experience as a crude oil producer and trader might well

support the offshore industry's view that Britain's oil disposal and refinery policies should be flexible. BNOC knows as well as the private companies that adherence to a rigid policy of refining two-thirds of North-Sea crude oil does not make economic sense in present circumstances.

The message seems to be getting through to Mr. Benn, who is under strong union pressure to adopt a strict two-thirds-for-the-U.K. rule. He said this week that State participation agreements with oil companies (49 have signed so far) enabled the question of where the oil should be landed and refined to be tackled on an individual basis.

Oil companies, Energy Department officials and BNOC seem to be discreetly working out ways of handling U.K. crude which protect the national interest, but which also recognise the value of the premium oil likely to be produced.

There is a third area where Sir Denis Rooke, chairman of British Gas and a member of the BNOC board—and Lord Kearnton—have been working in harness with the private sector to tackle a particularly knotty problem: the question of a North Sea gas collection system.

The State corporations have proved to be as commercially hard-headed in their gas col-

lection studies as are the private companies.

The Gas Gathering Pipelines (GGP) study company, embracing the public and private sectors, has just presented its final report to Mr. Benn and it will be interesting to see if the organisation is retained. This is because much more evaluation work needs to be undertaken.

## New pipeline

What has emerged is the case for a new £5bn. pipeline network favoured by some Ministers cannot be supported with known gas reserves. It is understood that GGP has told Mr. Benn that a new gas trunk-line system could be considered only if a new large gas field is found (and this is a possibility) or if some joint arrangement could be reached with Norwegian gas producers. It is unlikely that operators of Norwegian fields would allow their gas to be transported to the U.K. unless a pipeline is built across the English Channel to carry the fuel into the higher-priced Continental market.

For the time being GGP has accepted the need for several spur lines—costing between £250m. and £500m. to transport associated gas from a number of oil fields to the Frigg and Brent

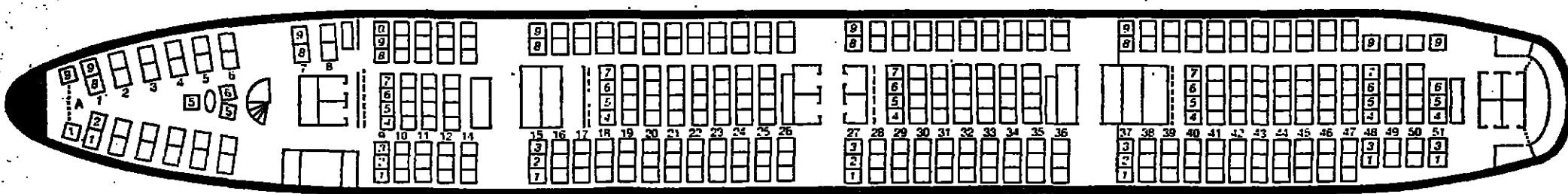
trunk lines and thence to St. Fergus, Scotland.

But this is easier said than done. Gas which might be carried through the new spur lines is, in some cases, of far different quality and character to the gas going through the Frigg line and planned for the Brent line. It may be, for instance, that partners in the Frigg Field development will have to set aside part of its trunkline system (luckily it is a dual line) for the transport of new gas produced in association with oil. At least Total and Elf, leading partners in the Frigg development and members of GGP, have had an opportunity to help to formulate proposals alongside BNOC and British Gas. BP, which is sceptical of the Magnus Field to the Brent pipeline system, has had an early opportunity to put across its views. It, too, is a member of GGP.

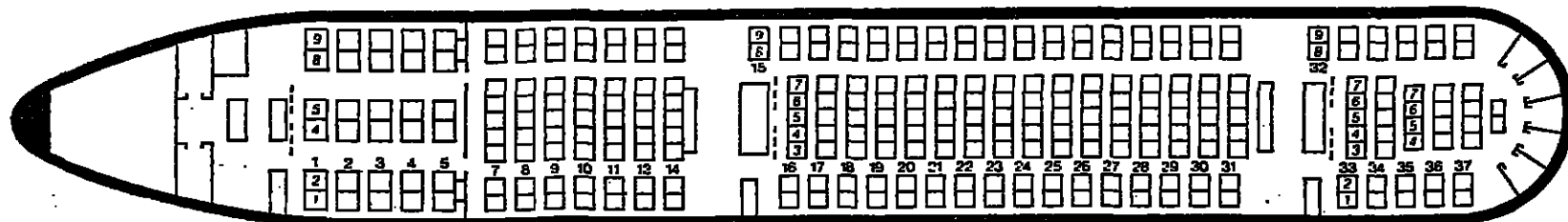
It could be several years before a full-scale, integrated gas collection system is developed in the central and northern parts of the North Sea. What seems certain is that either BNOC or British Gas will be involved. Like it or not, the private sector will have to accept an increasing State involvement in its offshore affairs.

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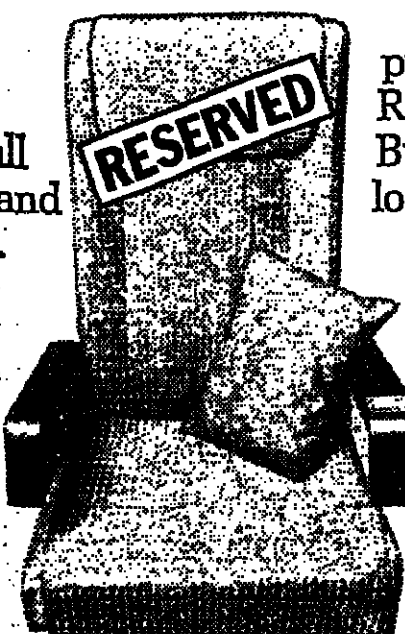
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## HOME NEWS

## Sales war in which only the smoker will rejoice

WHATEVER the Chancellor has in store for smokers in his Budget next Tuesday, cigarette manufacturers are gearing up for yet another long hot summer of price cutting which should at least benefit the consumer even if it does little to enhance profits.

The launch in May by BAT Industries of its State Express range will be one of the biggest seen in the U.K. and is on a par with the \$40m. send-off given in the United States by Philip Morris for its big-selling Merit brand. The £3m. promised by BAT is the equal of that, given that the U.K. is only one-quarter the size of the U.S. cigarette market.

Nor will that be the end of it. BAT has already promised further brand launches within three months and, although these may not be so expensive, they will add to the push being made by the company to stamp its identity on the U.K. market.

### Rapid fall

Big launches have been made before and have often failed. In the tobacco industry perhaps only one in a hundred new brands is a major success, but unless State Express is a complete flop, its very presence could give a major jolt to an already rapidly changing market.

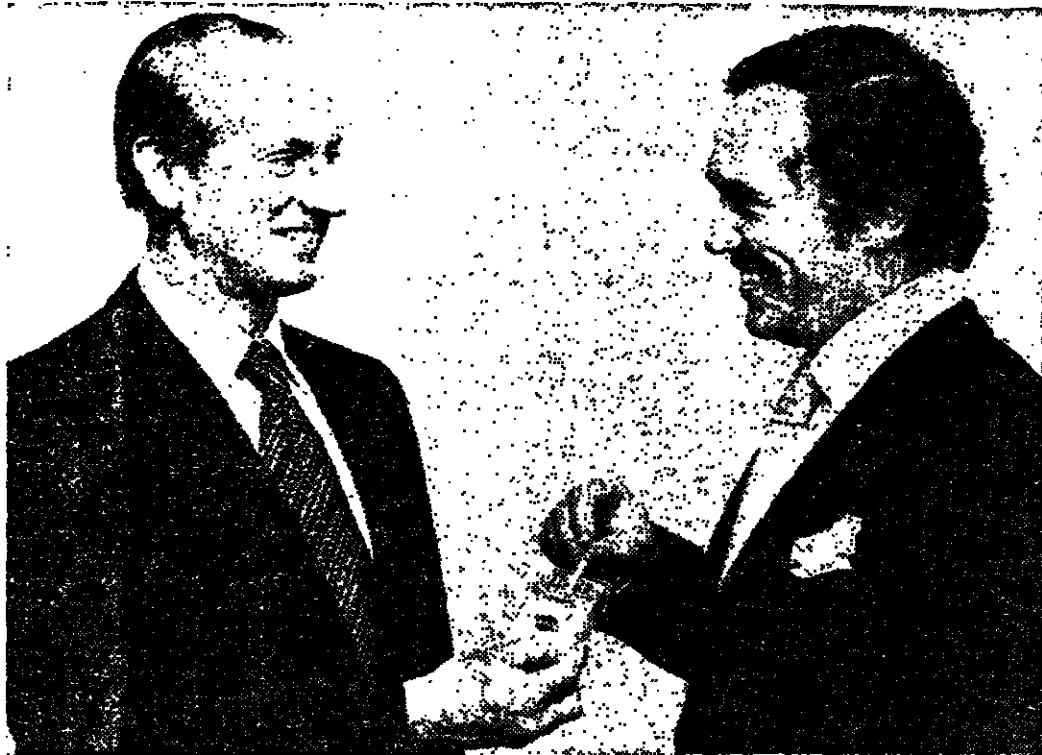
The king size sector is now estimated to take about 50 per cent. of the market and this could rise to 80 per cent. by 1980.

Tax harmonisation and diminished price differentials have led to an accelerating decline this year in the sale of small cigarettes, and this latest notice of battle could sound the death knell for the multiplicity of cigarette sizes peculiar to the U.K.

But while Imperial, through John Player King Size Players No. 6 King Size, and Embassy No. 1, and Gallaher, which has the number one seller in Benson and Hedges Gold Filter, have established themselves in the newly-shaped market, both have complained that profitability has been severely squeezed by price-cutting.

BAT readily admits that it will not make a profit for some time to come in the U.K., though it will be helped by having negotiated advantageous manufacturing agreements with the unions before installing the most modern cigarette-making machines at its Southampton and Liverpool factories.

One of the reasons for the heavyweight approach by BAT,



On the eve of a big sales campaign that will stir up the home cigarette market, BAT's British leaders relax. Mr. Stewart Lockhart (left), chairman, U.K. and Export, offers a cigarette to Mr. Gordon Watson, director, U.K. Market.

an approach that immediately brings a howl of protest from Mr. Mike Daube, director of Action on Smoking and Health, is that there is a threat hanging over the tobacco industry of a ban on advertising.

ASH itself is one of the principal evangelists, having already called for such a ban, except for point of sale, at the end of the present agreement between the industry and the Government on advertising.

That has two years to run and, while many in the industry are sceptical about a ban, especially if there were to be a Tory government, if it were to come about then changes in the market place would become very slow. So BAT is making hay while the sun shines, and if there are more good summers after that then so much the better.

At the point of sale BAT has indicated there will continue to be a battle royal for space on the retailers' shelves. While

battles between rival product representatives.

Reaction to the BAT initiative may be on a highly selective basis with manufacturers promoting heavily those brands which are already successful in a particular area, while rolling with the punch in others.

BAT hopes to have about 10 per cent. of the market in five years. At the present rate that would mean sales of about 100 million, the level claimed by Rothmans, including Piccadilly and Dunhill, but while Imperial appears to be the obvious target who would be the biggest loser.

After a shaky start Imperial has strengthened its position, and though its market share is down from its almost traditional 66 per

cent, it has recovered to 60 per cent. after having dropped into the high fifties for a time.

Mr. Hesley may, in the end, hold the key. An increase in duty on cigarettes next Tuesday would come as no surprise.

ASH claims that the health message is getting through—recently it produced figures to show that 60 per cent. of smokers wanted to give up the habit—but admits that price is one of the biggest deterrents.

But BAT is not a company that would normally take on a very difficult project like the U.K. market if it were not willing to take a long-term view.

A total investment of "tens of millions" is based on two years of careful market research and worldwide expertise. The company has shown it can stick to a difficult task—the rationalisation of International Stores—and it has a range of brands and a wealth of technical know-how, for instance in flavour-boosted low tar cigarettes, on which to draw.

The gladiator has at last entered the ring and is beating his sword on his shield. The balance between victory and the preservation of profits is the strategic problem.

### News Analysis—BAT's British Launch

BY STUART ALEXANDER

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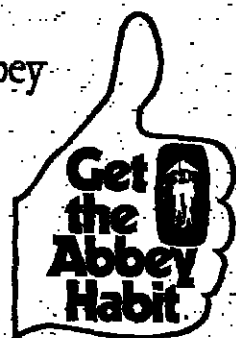
The latest issue of 2-year and 3-year Bondshares pay respectively 6.00% and 6.50% annually. (The equivalent of 9.09% and 9.85% when income tax is paid at the basic rate of 34%.)

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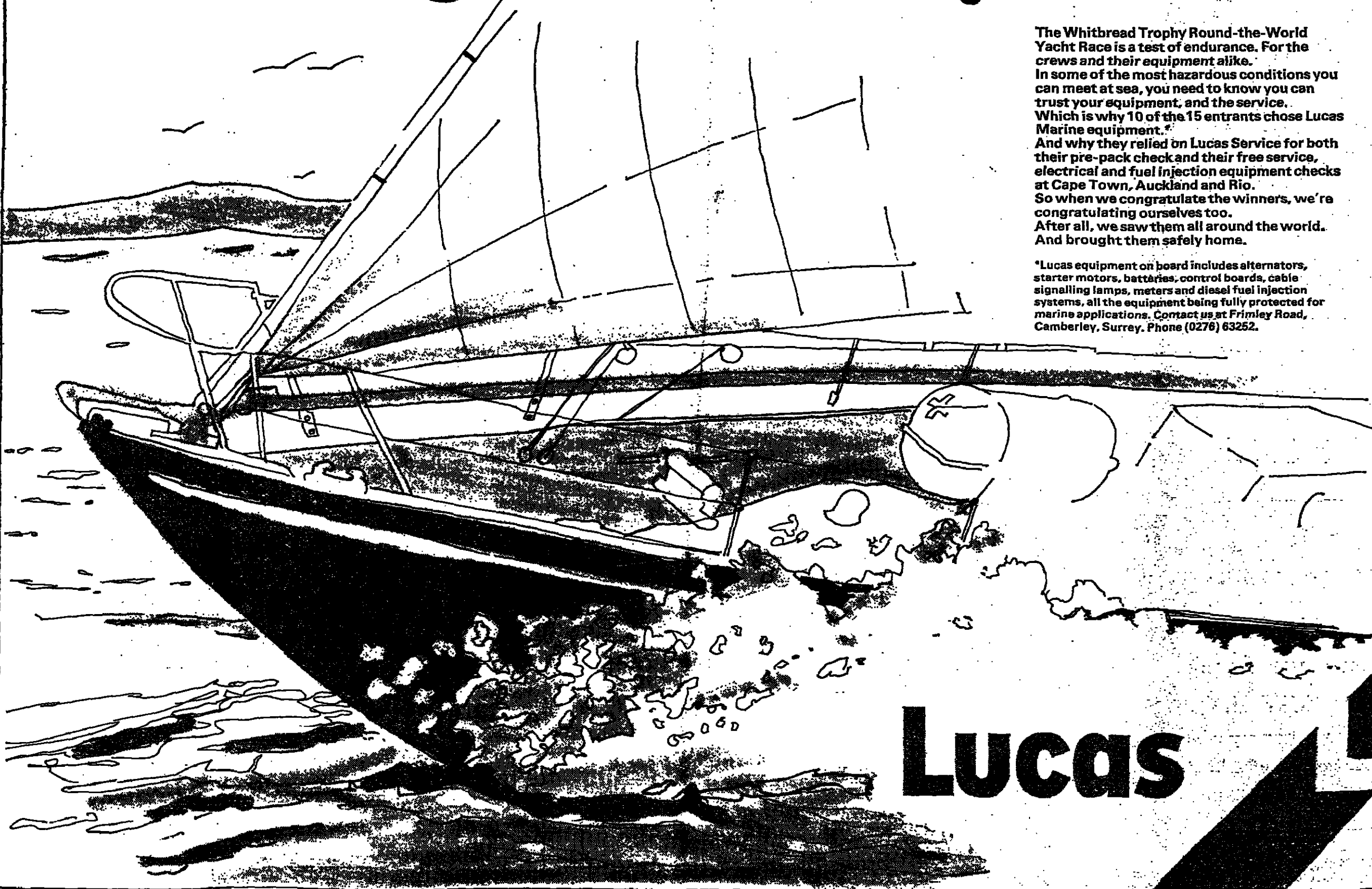
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\*Lucas equipment on board includes alternators, starter motors, batteries, control boards, cable signalling lamps, meters and diesel fuel injection systems, all the equipment being fully protected for marine applications. Contact us at Frimley Road, Camberley, Surrey. Phone (0276) 63252.

# Lucas



# Technical Page

EDITED BY ARTHUR BENNETT AND TED SCHOUTERS

## ● SECURITY

## Explosives detector

USING an operating principle not before employed in an explosives detector, Pye Dynamics has built a new detector system to match most needs.

It is simple to operate and almost any lay person, from secretaries, post room operatives and night watchmen to trained security officers, policemen, special anti-terrorist organisations and Army personnel can use it. No training is required to operate, the equipment and no complex day-to-day maintenance is necessary.

The PD 3's principal advantages are that it requires no auxiliary gas supply and contains no radioactive components. This is a major technical advance in this field and is destined to make an important contribution to first-line defence against terrorism.

The development of the PD 3 follows the introduction by Pye Dynamics of the PD (military) and the PD 2 (commercial) explosives detectors. The PD 1 has the distinction of being the only detector to be allocated a NATO number and was produced for the British Army and other NATO armed forces.

The PD 2, the first man-portable commercial detector contained in a briefcase, has had good market acceptance and is in current use with many Governments, security organisations, airlines, airport authorities, Police, etc., worldwide.

The PD 3 is supplied in a briefcase complete with battery charger with cable, spare battery pack, earphone, interchangeable probes, test sample in container, first line spares kit, cleaning tools and instruction handbook.

Pye Dynamics Ltd., 459 Park Avenue, Bushey, Watford, Herts, Watford WD18 6SE.

## ● INSTRUMENTS

## Finds the flaws

A COMPACT, large display battery-powered ultrasonic flaw detector designed for general-purpose work is aimed at portability with more effective presentation.

The unit has a contour control which smooths the trailing edge of a flaw echo displayed on the CRT screen without affecting its amplitude. This helps to control the extent to which the individual half cycles on the echo edges can be seen, thus "smoothing" the contour of the echo when testing with low-frequency probes on coarse-grained material.

The UFDSA has a large, bright display and directly calibrated range and delay controls. Separate probe zero control; linear and logarithmic presentation; short pulse, and grouped controls for rapid familiarisation are also provided.

The UTGSA is unique in that it is compatible with many

## ● HANDLING

## Crane height lessened

MAJOR BENEFITS offered by Street's V low headroom crab unit are its compact construction and low headroom design, so that for a specific rating and height of lift, the overall crane height can be reduced.

Designed with the objective of reducing maintenance, all bearings are grease packed and sealed for life and all wiring runs inside the frame, thus

giving protection from accidental damage.

The new slimmer crab can be brought very close to the side of a building, even where headroom is limited, giving good coverage of the factory floor area. Virtually any height of lift can be accommodated with the crab which is produced by Street Crane Company at Town End Works, Chapel-en-le-Frith, Derbyshire. 029 581 2454.

## ● COMMUNICATION ● DATA PROCESSING

## Automated telex for small users

MESSAGE SWITCHING is the technique of routing written (telegraphic) messages by means of information held within the message, and the corresponding switching systems operate on "store-and-forward." They are retained in memory and transmitted according to order of priority as soon as the logic of the switcher detects that the wanted terminal is free.

So far, these computer controlled message switching devices have been relatively expensive and limited in use to the larger groups. Now, ITT Business Systems has come out with its ADX 6100 which, it believes, will open up this attractive communications technique to many more companies down the scale.

Like other ADX units, the new machine will use low-cost leased telegraph channels to provide a service which, on the basis of experience with its larger forerunners, will cope with a traffic increase of typically 12 per cent. a year while providing a reduction in operational costs.

The unit can cope with 12 to 16 telex lines, will log all outgoing and incoming messages and their relationship with one another and has a semi-automatic routing facility for cases in which switching cannot be automatic.

Some 150 ADX units made by ITT are installed world-wide.

More from ITT Business Systems 6273 507111.

## ● RESEARCH

## Copes with all radio tests

SEVEN DISCRETE instruments are combined in the TF2952 radiotelephone test set put on the market by Marconi Instruments of St. Albans.

The rf signal source covers 400 kHz to 520 MHz with am and fm facilities and a stability of 0.5 parts/million over 30 minutes. A separate modulation meter provides accurate measurement of amplitude, frequency and phase modulation.

Other instrument sections are an audio generator with six fixed frequencies between 300 Hz and 6 kHz and two variable ranges, an audio voltmeter measuring up to 30V, a distortion factor meter, rf power meter and a frequency counter through which signals from the audio generator, and the rf input, are automatically routed.

The test set is intended for maintenance of all radiotelephones in the vhf and uhf bands, marine, land and airborne.

Marconi St. Albans 58292.

## ICL super-computer

AMID THE spate of computer announcements of the past few weeks, yesterday's disclosure by ICL of the ill-kept secret that it had developed and was operating a different type of computer from those in use at present could easily go unnoticed.

But this unit is something known as an array processor which in simple language means that it can split a problem up into many parts—1,024 to be precise—and solves each part problem simultaneously at electronic speeds.

The obvious inference is that suitable problems will be solved at speeds between 10 and 1,000 times faster. However, the selection of the problems that can be easily handled in this way is something that the experts are only just learning about.

Nevertheless there is so much world interest in the potential of array processors that ICL has been given Department of Industry support for the development of the unit which has been up and working in pilot form since 1976.

It is based on a concept by Dr. Stewart Reddaway working in conjunction with Mr. Gordon Scarrot.

The equipment ICL is operating can carry out 500m. instructions a second, taking advantage of the fact that its 1,000 tiny processors are fast and are placed very close to their associated stores. In fact, it functions as part of a memory of a conventional machine.

The array approach was first conceived as a means of solving big 3-dimensional problems of which weather forecasting is a particularly different example, but it is applicable in oil exploration, nuclear power work, air traffic control, memory manage-

ment and in various aspects of military operations.

New languages are being developed to handle this unit including a version of Fortran. A 64 squared processor with 4 times as many elements is to be delivered to Queen Mary College in London in the first quarter of next year. This will have five times the performance of the illac IV which is a Burroughs array processor operating at the University of Illinois in the U.S. and three times that of the Cray 1, until now the most powerful machine ever built. In some instances, the Queen Mary unit will be as much as 1,200 times more powerful than an IBM 145.

Queen Mary College will use this array in conjunction with a large conventional machine and will become the world's first experimental centre for such work.

Marketing policy concerning the machine as described by Dr. Peter Ayllett appeared somewhat tentative. But ICL certainly intends to develop and exploit it initially and addition to its own big machines.

Because it was a relatively simple approach to the super-computer where so many companies have come to grief, Ayllett indicated that the array processor could take ICL into this sector of the market with relatively minor outlay.

IBM is known to have been working on such machines for some time as have Univac, Burroughs and Honeywell. The key to the future may well be in the software developed by ICL around this equipment.

However since most U.S. computer companies privately agree that Britain has the edge in software innovation, ICL may have an ace in its hand.



Dr. Stewart Reddaway with pilot model of the array processor.

## ● METALWORKING

## Production costs cut

FORMFLO of Cheltenham, now part of Metal Box, has launched a machine for producing annular blanks from tube with a claimed saving of up to 50 per cent. on material costs.

The machine comes with tubes ranging in outside diameters from 25mm to 58mm producing blank widths from 8mm to 32mm; floor to floor time starts at about seven seconds on the smallest rings.

Compared with other manufacturing methods in the motor industry the machine in combination with other race rolling machines provides a system for the production of bearings which give substantial cost savings, says Formflo, but it is anticipated that it will also have many applications outside the bearing industry where there is a requirement for annular blanks made from tube.

Ford Motors has boosted Formflo's confidence with orders worth £51m. for six rolling gear complexes to be installed at Ford plants at Cologne and Halewood. The three units destined for Germany will be delivered during December and the Halewood lines in March of next year.

## ● COMPONENTS

## Pumps for chilled water

NINE MODELS make up the range of in-line accelerator pumps specially developed by Grundfos Pumps for chilled water and medium temperature heating installations. The range, in single and twin head construction provide three, six and 12 metres head performances against flows up to 285 gallons a minute.

High efficiency stainless steel impellers are fitted as standard and allow rotating mass. The Leighton Buzzard, Beds LUT 053 53 4874.

Details of the entire range from Grundfos, Grovebury Road, Leighton Buzzard, Beds LUT 053 53 4874.

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## ● MATERIALS Insecticide has long life

A MAJOR advance in the development of residual insecticides is claimed to be marked by the introduction of a long-lasting, biodegradable insecticide by the Industrial Pesticides Division of The Wellcome Foundation.

Wellcome "Coopex" is stated to be active against a wide range of insect pests, but unlike previous insecticides of this type produced by the company, it is stable in light and can give protection for at least four months.

Trials by entomologists at the Wellcome Research Laboratories have shown that the product is highly effective in controlling cockroaches, Pharaoh's ants and a wide variety of other crawling insect pests and stored food product insects. It can be used without risk of contamination wherever food is stored, processed and eaten.

More details of this new insecticide are obtainable from Wellcome Industrial (Pesticides) Division, Lane, Berkhamsted, Herts HP4 2DY (Berkhamsted 3333).

Details of this new insecticide are obtainable from Wellcome Industrial (Pesticides) Division, Lane, Berkhamsted, Herts HP4 2DY (Berkhamsted 3333).

## Low cost coating

ALTHOUGH epoxy floor coverings are acknowledged to be the most durable as floor surfaces because of their combination of good adhesion, durability and resistance to a wide range of chemicals, their use has been restricted by their high cost.

Quantaflex of Wetherby, West Yorkshire (Boston Spa 543558), has introduced an epoxy floor coating at a price which is competitive to conventional floor paints, its higher performance making the cost substantially cheaper over a period of time.

The low cost of the Quantaflex system (primer and two finishing coats at under 70p a square metre) is made possible by the economies of large scale production. It contains 100 per cent. reactive resin components and no diluents have been added. The material is available in 5-litre containers and there is a choice of seven colours. It can also be used for walls, machinery and structural steel work demanding a high performance coating.

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## The Management Page

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EDITED BY CHRISTOPHER LORENZ

## Capital spending under a microscope

Nicholas Leslie looks at several company case studies produced this week by the CBI to support its view that governments expect industry to react too quickly to new legislation

IT WILL have taken six and a half years for Reckitt and Colman's new pharmaceuticals factory at Hull to progress from being merely an idea to coming into production later this year, as planned. This period could have been reduced to four or five years "under stable economic conditions," according to the CBI case study on the company.

Since the project was started, legislation which influenced the very structure of the group has had to be taken into account. Delays have also been encountered; the major hiccup arose from the company's own decision to halt construction of the factory for a while because of the deteriorating economic climate. On the other hand, the company has benefited from Government grants, although they were not the deciding factor in favour of the project, merely an influence on its timing.

The project was of major significance to the company—it was regarded, the CBI survey says, as "probably the most important single development in Reckitt and Colman activities worldwide—featuring significantly in the group's long-run development strategy as potentially a major growth area with high profitability."

The project was also regarded as being more than just the construction of a factory. It related "more to the decisions regarding the development of an area of business internationally; in fact it relates to the establishment of a worldwide division."

Reckitt's pharmaceuticals include such branded products as Dettol, Disprin and Lemsip, together with other analgesics, as well as laxatives. Up to the late 1960s these activities formed part of the group's household and toiletry division—but changes were in store.

First, McKinsey and Co., the management consultants, were called in to review Reckitt's organisational structure. They recommended a divisionalised framework, including pharmaceuticals as a separate division. The CBI's study states: "The

1968 Medicines Act also placed new demands on manufacturers of pharmaceutical products and this also provided an incentive to bring together the production of the group's pharmaceuticals... under one divisional management."

However, complete separation did not come until 1972, after the full potential of pharmaceuticals—at that time a relatively minor activity of Reckitt's—had been recognised by the company and the long-run implications of the Medicines Act (it became operative in 1970) had been examined.

In view of both the CBI's remarks about the effects of legislation on lead times and the growing opinion that greater flair and initiative by management—particularly in large companies—would benefit industry, it is important to note the main motivations behind Reckitt's project. According to the study, they were, first, the new regulations imposed by the 1968 Medicines Act and, secondly, the "strong entrepreneurial stand of the divisional and main Board directors interested in developing the pharmaceuticals side of Reckitt and Colman's business."

## Divisions

It was not until a feasibility study of the production and machinery facilities for Reckitt's pharmaceutical and household products had been completed that the company finally committed itself to dividing the activities into separate divisions and to establishing new production facilities for pharmaceuticals.

From 30 possible projects, two were considered: most feasible. The first envisaged construction of a new factory in Hull, designed to take the

division well into the 1980s. The second entailed a phased building programme based on an extension to existing facilities in Hull: the first would be a warehouse and "wet" products plant, and the second a "dry" products plant.

At this point it is worth relating how Reckitt's capital expenditure planning is undertaken, since it obviously influences the "if, when and how" of any project. As is shown by the CBI studies of Reckitt, and several other companies, approaches to capital expenditure planning vary enormously.

Reckitt sees itself largely as a marketing-oriented company. As a result, total capital expenditure in 1975, for example, was £15m, whereas marketing spending was "two or three times" this amount. Even so, the figure of £15m. was at a time of "significant development," and therefore much higher than had been committed before.

Distinction is then made between: (a) expenditure which is essentially designed to maintain/improve ongoing business (classified as ordinary expenditure); and (b) one-off expenditure, usually on major projects which are unlikely to be repeated for some time (abnormal expenditure).

Operating divisions in the U.K. are expected to finance normal expenditure internally, by means of profit generation

and overdraft facilities agreed with the group. Abnormal expenditure projects are financed by loans from the group to the division, which pays interest to the group on the loans.

In contrast with many companies which favour five years, Reckitt operates under a three-year plan. This includes capital expenditure and is submitted to the main Board each September. It is a detailed plan, with each division making its own contribution, and it essentially determines the level of normal expenditure, though included in the plan, requires more detailed appraisal by the Board prior to authorisation.

Many capital projects do not require main Board approval at all. Each divisional managing director has discretion up to £100,000 per project, provided it is incorporated within the three-year plan. Amounts of up to £250,000 require the authorisation of the group director and, above that, the group chief executive; the chairman or the main Board give the final decision.

The pharmaceutical project highlighted in the CBI case study fell into the latter category—total capital expenditure planned to date has reached £1m. When it came to deciding between the two options, the pharmaceuticals management, favouring the completely new factory, found itself out of line

with the main Board, which preferred a phased programme. The second option got the go-ahead.

The main reason for the Board's choice was the "considerable degree of uncertainty." If a cutback of pharmaceuticals development proved necessary, the phased plan offered greater flexibility "for coping with unforeseen events and market trends."

A common factor with both options, however, was that production facilities provided for much larger batch sizes, as well as the introduction of new technologies and, where desirable, changes in plant design. This offered greater operational flexibility.

## Options

This is significant, given Reckitt's experiences in the past. It was noticeable, says the CBI study, that among the entire 30 options considered, several related to modifications of existing facilities, both to cope with existing production volumes and meet the requirements of the Medicines Inspectorate which had made some harsh statements after its inspection in May, 1975.

Authority was given in 1974 and 1975 to proceed with various phases of development at Hull. There were no problems with the planning authorities, which were "extremely co-operative" in helping to

improve what was previously a slum area of the town. Reaching agreement with many different owners of small parcels of land was, however, a lengthy process.

By the end of 1974 about £800,000 had been authorised to improve existing line machinery, pending completion of the new factory. The sum also covered site works, piling, and other work. In mid-1975, when a further £200,000 had been authorised and spent for the building's steel structure "a complete halt was called upon expenditure due to the economic crisis being faced in the U.K.," says the study.

Pharmaceuticals division management was also told that the group was in a "very tight cash situation" and consideration was even given to cancelling the project. In September, though, it was decided to continue and the bulk of expenditure was eventually authorised in May, 1976. A further £0.5m. was later sanctioned to reinstate a marshalling bay which had been deleted from the plan in 1975-76.

Phase one of the project is now expected to be complete this year with phase two due for completion by the end of 1979, assuming it proceeds and there are no further economic crises.

The effects on the company of a deterioration in the general economic situation are highlighted elsewhere in the Reckitt case study. In times of financial constraint, as in the past four years, divisions are asked to cut back expenditure by observing tighter overdraft limits. Divisional managers are given discretion over whether they cut back on either capital and/or revenue spending. It is, says the report, "the small capital projects and, to some extent, pilot stage research and develop-

ment expenditure which normally suffer in this situation."

Reckitt acknowledges the benefit of a Government regional development grant (20 per cent of the allowable cost of the building), but stresses that the long-term viability of the project did not depend on it. The project would have been delayed, not abandoned, without it. The group should also receive £225,000 interest relief for accelerating the project, but even here Reckitt corporate executives make the point that while the relief encouraged the company to bring the project forward, as the legislation intended, "it does not create new investment."

When asked what the government might do to encourage

them to invest, the pharmaceutical executives put forward what are already well-aided proposals. The essence of their reply was that "general economic stability and lower inflation and release from price control" would be major incentives.

At the same time, though, they questioned whether the country might not benefit more if resources being taken up to comply with government legislation were re-directed into research and development. They estimated that the pharmaceuticals division alone spent over £1m. complying with social legislation in 1976—a continuing annual commitment and a figure equal to about half of Reckitt's total group research and development budget in 1976.

## Concorde and chips

Dunlop. Project: Development of a carbon brake for Concorde; 64-year lead time. "Throughout the whole of the development of the project lead times were overwhelmingly connected with technological factors. There were no problems with financial constraints... no problems with work force factors... nor were there problems connected with staff or with central or local government." The company "does not have a group view about the acceptable time lags between the start and completion of innovative investments, because they vary so enormously from

division to division and from project to project."

Unilever. Project: Introduction by Birds Eye of electronic sorting of chips; 12-year lead time. "The last few years have seen a greater interest proportionally in process investments and cost saving projects; previously the overwhelming emphasis had been on volume growth." The company believes "that normally its capital proposals should be attractive propositions even without taking government assistance into consideration. Nevertheless, Government assistance has made some proposals more attractive." The project "turned out to be better than planned... overall, the project offered a good return on capital, and achieved a pay-back in a little over two years."

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## How TI spent on 'superplastic'

IN CONTRAST to Reckitt and Colman's experience, Tube Investments's four-year project involving development of "superplastic" (stretchable) aluminium alloys as an alternative to plastic went more or less according to plan, with little outside pressure being felt. None the less, the TI case clearly serves the CBI's purpose of illustrating how Government economic policy can affect industry's willingness to invest, since the company found that the timing of its launch coincided with the 1974 depression. The consequence was that initial profit forecasts were not met.

The project was "not a typical form of investment for TI," says the CBI study, since it was an entirely new innovation, whereas most of the company's capital investment is for replacement, modernisation or extension. It was also very small in relation to total group activities and financial commitments, although the precise cost of the project is not disclosed.

It was not, though, the first time TI had had a stab at capitalising on a known principle. Superplasticity has been known of since the 1930s and TI began development work in this area in 1966. After two years' work, however, no major contribution to understanding superplasticity had been made. But at the end of 1968 there came a Press announcement that Pressed Steel Fisher, a major customer, was considering a competitive alloy for use in motor car bodies.

Says the CBI study: "This, together with an increasing awareness that any further work could only be justified if the project's objectives were directed to more practical ends, brought a key meeting between TI Research Laboratories and research and development personnel from the aluminium division of TI."

This, and a further meeting, led to research being concentrated on high aluminium alloys. Six months later sufficient progress had been made to warrant another meeting between TI Research Laboratories and British Aluminium's research laboratories (also part of TI). Consequently a programme of joint research was undertaken. Eight months later the first provisional patent application for superplastic aluminium was made.

By March, 1972, the first factory-produced sheet was available. The following January a working party of six senior TI Group managers was set up, its objective being to establish within six weeks whether and how superplasticity should be exploited.

Its two main recommendations were (a) that a team leader be appointed to direct the project, and (b) that technical effort be reduced to the minimum practicable level, that priority be given to obtaining commercial and marketing information and to establishing the competitiveness of a variety of superplasticity-formed components compared with those made from other materials.

The report was completed by September, 1973, and by July, 1974, premises had been obtained, with the first forming machine starting production at the end of that month. Despite initial marketing problems due to the economic recession, the company (when the CBI study was being prepared last year) remained convinced that initial disbelief in the marketplace that superplastic forming was possible was being overcome and that opportunities offered by the product were being recognised.

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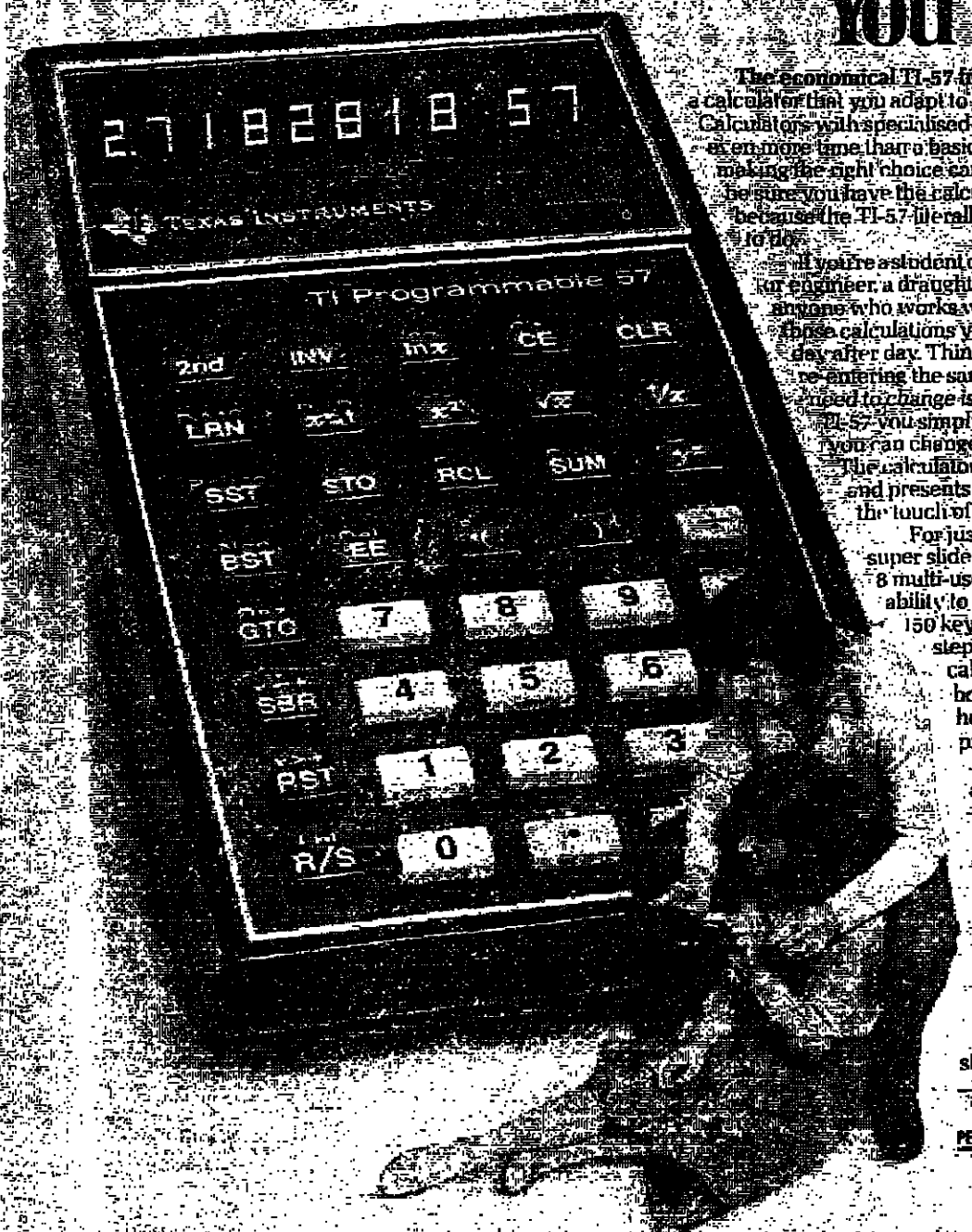
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# Fables of nostalgia

by NIGEL ANDREWS

Roseland (A) Screen on the Hill  
Telefon (A) Ritz  
The Army in The Shadows (AA) Camden Plaza  
Fassbinder National Film Theatre  
Cruel Passion (X) ABCs Fulham and Edgware Rds.

There are good films that hover tantalisingly on the brink of being very good but never quite manage to make the final leap. From James Ivory and Ismail Merchant, the director-producer team who made *Shakespeare in Love*, *Uncommon Sense*, *Autobiography of a Princess*, comes *Roseland*, a characteristically nostalgic fable about people whom time has passed—or is passing—by. Wrought with love and care and humour but somehow missing that extra voltage that makes a masterpiece. The film is a trilogy of short stories set in and around New York's famous dance-hall, Roseland, where the old but still young-at-heart gather to re-create the days of pre-juke-box romance, when Saturday night fever took the form of a Foxtrot or a Tango or a Peabody.

The home stretch could have been summoned up earlier in the race. Not that Ivory and his scriptwriter Ruth Prawer Jhabvala should have forsaken the elegiac tone of the film, but there is a too wan and wispy sentimentality about the first story, and the second takes time to shake off a histrionic stiff-jointedness most evident in Walker's performance. But the third story is a joy, chiefly because it is not so much a story as a talky and eccentric character in a superb performance by Lilla Skala. With her garishly painted face, her costume-trunk dresses and her guttural sing-song of a voice, she seems like a relic from some bygone, or possibly never-existing, era of Great Lady elegance, and Ivory's camera gives her poised and ravaged monologue the devotion it deserves.

In *Telefon*, Charles Bronson leads his dormant-volcano presence to the role of a Moscow agent sent to America to end a rash of sabotage acts precipitated by Soviet defector Donald Pleasance. Pleasance is going around activating a number of hypnotised KGB agents who were installed in America after World War II, and who are waiting ready to be mobilised into suicide missions of industrial or political sabotage whenever they hear a pre-arranged trigger phrase. The KGB, in the persons of snarling Patrick Magee and debonair Alan Badel, had hoped that these "human time-bombs" would never be needed or used, least of all by the popeyed and clearly certifiable Mr. Pleasance. Bronson packs his bags and flies out post-haste to meet Their Man in Washington, who turns out to be a woman, and Lee Remick. Thereafter all Hell gradually breaks loose, the components of adventure ranging from exploding sea-planes to escaped rattlesnakes; and if you cannot follow all the convolutions of an ensuing plot you are not alone in your confusion.

The film is directed by Don Siegel (*Dirty Harry*, *The Shootist*) and he lends it his style and individuality than its far-fetched story deserves. Bronson is oddly cast as a crusader against hypnotism, since his own heavy-lidded eyes and purring monotone suggest an advanced state of somnambulism. But the incongruities of this film are half its inadvertent charm. It is one of those jet-hopping thrillers that will take you to Houston for no better reason than to exploit the labyrinthine beauties of its main luxury hotel, or to sundry desert and rural locations simply because they respond pleasingly to the camera's eye. It is also one of those films that bend over so far backwards in their attempt at *exotisme* (consider neither the Americans nor the Russians are presented as villains, the all-purpose scapegoat being the mad Mr. Pleasance—that they deserve some sort of prize for political contortions).

Having been made by Jean-Pierre Melville, *The Army in The Shadows* comes to us with the imprimatur of an "art movie"—Melville made the classic *Les Enfants Terribles* in 1949 and directed some broodingly effective films *notre* in the 1960s—but its sombre, dedicated exterior conceals just as much narrative far-fetchedness as Siegel's film. Lino Ventura, the thinking filmgoer's Charles Bronson, is the hero, and his weighty, ruminative presence gives the film its much-needed centre of gravity. Around him whirls, creaks and stiffs sparks a cloak-and-dagger adventure story about the French Resistance in which lashings of *schattenfreude* and "atmosphere" (dark, wet streets, purring Citroëns, scurrying raincoated figures—do not quite bind together a plot that seems to mark time between its exciting and wildly implausible suspense set-pieces).

Melville is frequently hailed as a director who unites the story-telling vitality of popular cinema with the thoughtfulness of the art movie. I think he is as often split apart by this duality as successful in resolving it. There is a childlike exuberance about this film—not least in Melville's cheerfully unapologetic use of model shots for scenes of large-scale action—but there are also spurious attempts to "raise the tone" by including, for example, a Sartre-like *ex cathedra* grise of the Resistance (Paul Meurisse), a handful of whose philosophical books are archly paraded before the camera's eye in one scene, just to drop in an incomprehensible title or two. The film tells us little that we did not know, or were afraid to ask, about French life under the occupation, and its characterisation offers no discernible challenge to players of the calibre of Simone Signoret, Jean-Pierre Cassel, and Ventura himself. Much of the film is good adventure-story stuff, but its higher pretensions leave considerable room for scepticism.

To be neglected at your peril is the forthcoming Fassbinder season at the National Film Theatre. The German cinema's greatest young director has been honoured with a full-scale retrospective. At the age of 32, Fassbinder has now made roughly one film for each year of his life, and although Londoners have seen most of his best work since *The Merchant of Four Seasons* (1971), there are still 20 or so films outstanding that if they are not seen now may never offer the opportunity again.

Fassbinder's speciality is a kind of stylised naivety, and over the years he has turned this method into a miraculously successful resolution of the tug-of-war evident in his own sensibility (and in those of many other post-war directors, including Melville) between a love of the downbeat and the realistic and a fascination with the flamboyant excesses of Hollywood. The early films *Katzelmacher*, *Whity*, *Will* give us a chance to see this early tug-of-war in progress, and to watch the working-through or working-out of conflicts of style. Few directors as young as Fassbinder have ever had a full-size retrospective at the NFT, and for confirmed admirers and sceptics alike the season should be required viewing.

I cannot say the same for *Cruel Passion*. "All the Holy Mothers have taught me is how to frig myself," says a disappointed nun in this transcendently daff British adaptation of de Sade's novel *Justine*. The acting is rudimentary, the dialogue is primitive, and since the censor has allowed in the way of visuals (or all the film-makers have dared to include) are scenes of coyly grappling torsos, with the occasional if-you-blink-you-miss-it shot of female pudenda, one wonders how much further along the path of inexplicitness the British sex movie can travel before it courts danger from the Trade Descriptions Act.



Geraldine Chaplin

Elizabeth Hall

## Belgian Chamber Orchestra

by DAVID MURRAY

Besides its violinist director gaging, discovery, and Rudolf Werthen and its harpist Hindemith's Five Pieces op. 44 chord, the Belgian Chamber no. 4 sounded lithe and well-sprung. The concert had begun with a thoroughly musical sound, and their technical assurance in their spires confidence, passing impressions on Wednesday served to remind one not to take the super-polish of some recorded performances too seriously. Twentieth-century music inspired their liveliest and most characterful playing; the strong, quirky *Music for Strings* by Marcel Poot (Flemish, b. 1901) was an en-

gaging discovery, and skin of the teeth. The other piece with a soloist was an oddity, the famous "Devil's Trail" Sonata of Tartini arranged by Mr. Werthen for himself and the string orchestra, borrowing Kreisler's monster cadenza (all double-stopped finger-tremoli). Werthen's smoky, even sulphurous timbre and the crunch of his bow-attack are dramatically apt for the piece, which duly gripped. Elsewhere, his penchant for conducting and acting as lead violin in turns, often within a single movement, made for awkward

compromises. The leading viola and cello are strong personalities too, and there were passages like the opening of Greg's *Boberg Suite* where the first violins sounded undermanned for want of Werthen's strong right arm; in the Rigaudon he took the solo line with proper vigour—but with his back to the audience. The orchestra is surely capable of performing most of its repertoire without a conductor, and it would be good to have Werthen's transmitting his intentions through his instrument on a full-time basis.

Coliseum

## Julietta

by RONALD CRICHTON

Martinu, the Czech composer who spent most of the inter-war years in Paris, went to the U.S. and died in Switzerland, never lost contact with his native country. *Julietta*, introduced to British audiences on Wednesday by the New Opera Company "in association" with the ENO, was first given in Prague under the title *La Cle des songes*, by Georges Neveu. The subject is the border-line between illusion and reality, between sanity and madness. Michel, a travelling salesman, finds himself in a seaport where everyone except himself has lost their memory. He is pursuing a girl once glimpsed, who may or may not be a creature of his imagination. After he has found her, he is provoked into shooting at her but cannot discover for certain whether or not he has killed her. In the Central Office of Dreams he is warned that if he doesn't wake himself up, he will be lost to reality for ever. But by then the shades have closed in too far. He stays, still pursuing his dream.

The English translation by Brian Large, obviously limited by the need to follow Martinu's vocal lines, may conceivably miss some of the flavour of Neveu's dialogue. The first act and much of the second are full of a dated kind of whimsy, like Giradoux without the verbal distinction (Neveu worked with Louis Jourvet, Giradoux's leading interpreter). At moments I began to feel that Barrie's *Dear Brutus* would make a stronger subject for an opera. But about half way through, the fantasy begins to grip. The scene in the Office of Dreams is at once funny, sinister and sad. The impression of mental disintegration is subtly communicated.

Martinu had the Czech gift of writing music as naturally as breathing. He had it to excess: smoothness with which Martinu moves from style to style and from mood to mood are in themselves captivating. His score is uninhibitedly eclectic, horrifying from Pelles and Petruska, sprinkling in



Stuart Kale and Joy Roberts

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Czech dance rhythms, glancing at Prokofiev and beyond him to Martinu's teacher Roussel, whose pounding metres are heard again and again, though with little of their acrid harmony and still less of typical concision. All this with the greatest naturalness, with the muskantic quality that does not indeed guarantee strong invention but at least provides almost continual pleasure in the way everything sounds right—grateful vocal writing, scoring neither thick nor spindly, capable as in the moments when Michel's mind begins to reel, of blowing up a storm in a few seconds.

As in Szymanski's *King Roger* and Glinka's *Bomaro*, the New Opera Company production team of Anthony Beach and John Stoddart have contrived a spectacle at once economical, elegant and suggestive. The masterly conductor is Charles Mackerras. The unhappy Michel is sung by Stuart Kale—clean, precise musical, but too weakly projected in the central act. Joy Roberts brings to the elusive Julietta the same virtues, with greater staying power—the role is shorter and there is less need to hold back. Miss Roberts is one hundred per cent English in appearance, manner and style. One misses the combination of feyness and Ondine-like sensuality a French actress (though not necessarily a French opera singer) would bring to the role.

There were good character sketches from—among others—Sarah Walker, John Winfield, Edward Byles, Patrick Wheatley, Dennis Wicks. The work of this company in filling gaps in the 20th century repertoire is more valuable than ever now that the big concerns are finding it harder and harder to mount new things, even when they are only "new" in the sense that they haven't been done here before. As the NOC's recent productions have shown, there is a ready public response. A large audience came to hear *Julietta*, and showed an amount of enthusiasm that promises good houses for the remaining performances.

Globe

## Ten Times Table

Alan Ayckbourn's new farcical comedy assembles a marvellous bunch of people around a committee table at the Swan Hotel, Pendon, where they are to plan the programme of a summer festival. He gives them a generous ration of comic lines. But what he does not offer this time is the deftness with which he plans situations whose complexity is masked by the fun with which they are devised. There is really only enough in *Ten Times Table* to fill an average one-act play, and not a particularly original one-act play at that.

The theme of the pageant which is to open the festival is *The Massacre of the Pendon Twelve*. The Pendon Twelve have been discovered in an old book of reminiscences. They were stolid peasants who stood up against the Earl of Dorset and a band of militia on the occasion of some local rustic insurrection. When the mass of the people had sensibly left the Market Place, the Twelve, led by John Cockle and his friend Brunt, were duly shot down by the soldiers—an ideal situation for a country pageant.

The organising committee soon splits in two. Ray, the chairman, Helen, his wife, and Donald, a tiresome fustpot whose value is confined to his influence with the Council, form a conservative, not to say Conservative, group whose ideas are confined to a little harmless play-acting. But sitting with them is Eric, the Marxist schoolmaster, and Sophie, the young wife of a local dog-breeder, Tim, and they see the occasion as an opportunity to rally the proletariat in a great meaningful gesture, where Eric, in the person of John Cockle, will make a fighting speech. There are also, on the sidelines, drunken Lawrence, who sleeps through most of the proceedings, and Donald's aged mother, alleged to be recording the minutes in spite of her acute deafness.

The final scene, on the day of the pageant, is a fine example of way from being a total loss; Mr. Ayckbourn's talent for there are good jokes cracking organised confusion. The most of the evening. And the servants have been taken over playing, under Mr. Ayckbourn's by Tim the dog-breeder, an ex-own officer, and he is treating the Benjamin Whitrow's Donald business as a serious military obsessed with minutiae, Julia McKenzie the archetypal Tory outside. In the committee room Lawrence, as the Earl of Dorset, falls drunkenly from his horse, Donald, deprived of his glasses for appearance's sake, ultra-militaristic dog-breeder, falls around in the wrong directions, and Donald's mother practises popular airs on the piano. But the preliminaries have been too long and too predictable; and there is no real climax; the affair simply peters out. Let

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B. A. YOUNG



Julia McKenzie, Benjamin Whitrow and Paul Eddington

Theatre Upstairs

## Bleak House

Pleasant though it was to meet up again two nights ago with Shared Experience, I am afraid that there is nothing much substantial to add to my notice of their first chapter of *Bleak House*. The uncluttered narrative techniques reveal no hidden surprises as we progress through the unhappy waters of a faithful recounting of the original. Alas, we have missed the dancing Turveydrops en route, although the senior of them might be seen peeking through James Smith's pigeon-cheated account of the ludicrous Chadband, all-hallowed rhetorical falling eagerly on the Snagsby's tea table.

It will demand great patience and loyalty of an audience to sit through all four plays and perhaps the whole project would have been better served by the approach adopted by Ken Campbell and Chris Langham with the *Hummingbird* trilogy: ruthless selection of material compressed into a single seven-hour bonanza. Admittedly there are such scattered delights as the evocation of the Smallwood family, hunched on four chairs indeed like "old monkeys with something depressing on their minds"; the lusty reproduction of the coffee house feast enjoyed by young Smallweed, Jobling and Mr. Guppy; and, right at the end, the striking impersonation of Phil Squad in the shooting gallery (Mr. Smith, again) as a decrepit, closely drawn remnant of Life's cruel lottery, joined at the knees, voice of a squashed frog.

Perhaps, after all, *Bleak House* is, especially of all Dickens' books, a work to bug to oneself, to dip in and out of while piecing together the evidence and making the jumps as they come directly through the complicated web of a narrative written in two distinct and deliberate styles. That sort of subtlety is beyond Shared Experience, and losing contact with Lady Dedlock or Esther Summerson for long periods of stage time proves to be ruinous to the concentration.

MICHAEL COVENEY

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## Test of EEC solidarity

THE EEC summit that opens in Copenhagen today is the first major test of Community solidarity in the forthcoming series of top-level international meetings on the world economy. It follows active bilateral consultations involving, in particular, Washington, Bonn, Paris and London, as most western Governments increasingly come to accept that a fresh internationally co-ordinated stimulus is now required if growth is not to fall alarmingly below earlier target levels.

But while the U.K. has been pressing especially strongly for concerted action against unemployment, and regards next week's budget as its own contribution, the West German position, which will be crucial in Copenhagen, is still far from clear. Although senior members of the Bonn Government have been acknowledging in recent days that all is not entirely well with the country's economy, the official position remains that no decision on a further boost to demand can be taken before May at the earliest.

## Ominous

For the moment, Bonn's main concern is the decline of the dollar and its likely effects on German exports and their profitability. The impact has not yet shown up in the trade figures, but this week's announcement of declining overseas orders by the mechanical engineering industry, the country's largest export earner, was an ominous straw in the wind. Bonn is insisting that the first priority must be for Washington to arrest the dollar's slide.

It is this that has led to speculation that Copenhagen could see the start of work on a package deal in which Bonn would be asked to accept a further dose of deflation in exchange for steps to stabilise currencies, beginning with those of the EEC countries. The idea favoured by the EEC Commission appears to be to revive plans for closer links between the the jointly floating "snake" and the other EEC currencies. The suggestion is that this should pave the way for a more stable relationship with the dollar.

The prospects for such a proposal do not look very good. Now that the French election is

over, it is conceivable that President Giscard d'Estaing will want to renew the franc's flirtation with the "snake." It is much more difficult to imagine Britain and Italy following suit. Both the pound and the lira remain liable to considerable fluctuation, and the British view, in any case, is that close currency co-operation must await real moves towards greater economic convergence.

The Commission's proposals for stimulating growth in the so-called "convoy" of Western countries look more realistic. Here the idea is that the time between Copenhagen and the seven-nation economic summit in Bonn in mid-July should be devoted to what is being described as "joint assessment." The Commission would be delegated to find out what each country was already doing and where it might do more, in the hope that a full percentage point could be added to the Community's growth rate in the year to mid-1979. Britain, would, perhaps optimistically, like each country's new commitments to be on the table by the Bonn's Bremen summit, a week or so before the Bonn meeting. The entire operation, however, could fall through if Herr Helmut Schmidt, the West German Chancellor, is not prepared to participate.

## Election date

The Copenhagen meeting will not be devoted exclusively to economic affairs. With the deadline expiring on Sunday, the Nine will have to discuss Washington's request for acceptance of a renegotiation of conditions under which American nuclear fuel is supplied to Europe, and the Heads of Government will conduct their usual review of world issues like the Middle East, the Horn of Africa and Southern Africa and West relations. They are also hoping to set a new date for direct elections to the European Parliament, postponed because of Britain's failure to meet this year's original deadline. The U.K. is now suggesting June next year, and there seems some willingness among the other countries to go along with that. After all the uncertainty that has surrounded the election, it would be good if Copenhagen can fix a date once and for all.

## Transnational accounting

TRANSNATIONAL corporations are only now beginning to be seriously concerned about the suggestions for transnational accounting standards which a UN advisory group published last December and which are to be considered in a UN context next month. That they should be concerned is understandable for a number of reasons. First, this UN group is only one of a number of bodies—including the OECD, the EEC, and the International Accounting Standards Committee, as well as various individual governments—which are at present seeking to draw up stricter accounting standards. There is an obvious risk not only of overlap but of contradiction.

Second, the UN is a large and heterogeneous organisation which includes not only developed but developing, not only capitalist but Communist members. There is a real danger that, in such a forum, rules would be drawn up to the special disadvantage of capitalist multinational corporations and then gradually enforced by member Governments. Third, the group which has drawn up the proposals was composed of people from a variety of disciplines and backgrounds—not merely accountants—and the suggestions it makes include the disclosure of non-financial information as well as purely financial information. The balance of cost and benefit in collecting and publishing such information is doubtful.

## Political

It is odd, on the face of it, that a body like the United Nations should be concerning itself at all with technical accounting matters. The reason is that there has been a considerable amount of highly political discussion about the role played by multinational corporations, especially with regard to their policies about pricing, investment and employment. As long ago as 1973 a special group was set up inside the UN to study the impact of multinational companies on development and international relations. In its report it noted that there was a

serious lack of published information, both financial and non-financial, about the activities of such companies and that much of what there was did not allow accurate comparisons to be made.

It therefore recommended that a group of experts should be set up to recommend a code of standardised practice, and the result was the document that is to be discussed next month. The group, in fact, drew its purely financial recommendations (building on the work of the IASC) from the best practice of countries like the U.S. and suggested that they should apply to all companies, transnational or not. But this recommendation was outside its terms of reference, and it is in any case highly unlikely that small companies in developing countries could physically meet these requirements. Once again, then, the transnationals feel that there is a serious risk if these proposals go ahead, however slowly, that they will be the object of unfair discrimination.

## Compromise

Yet it is not to be denied that the operations of multinational corporations do often raise political issues and that the standard of information supplied in their accounts is enormously varied. Partly this is because of differences in national legislation or professional requirements, partly because different companies vary greatly in the extent to which they are prepared to go beyond the minimum legally required. Even when they are ready to go considerably beyond the minimum—and the pressure of opinion has pushed many multinational in this direction over the past few years—the information they provide is not often not comparable. The UN by transnational corporations, for reform, though its suggestions have been valuable. The political dimension of the issue means that it cannot be left to be decided by accountants alone. The OECD, which is to reconsider its own guidelines next year, might be an acceptable compromise.

## The high stakes riding on Leyland's bonus ballot

By ARTHUR SMITH, Midlands Correspondent

M R MICHAEL Edwardes, British Leyland's chairman, is riding high: the Government this week has given full backing for a brave, £1.3bn. investment programme which involves the politically embarrassing decision to inject a further £850m. of State finance; the troubled Cars Division has raised output and staged a dramatic recovery to achieve a 28 per cent. share of the U.K. market; and the announcement that the Speke assembly plant is to be closed with the loss of up to 3,000 jobs in an area of high unemployment has become acclaimed as a tough but necessary commercial decision.

The extent to which the Prime Minister might have considered Speke and the former Leyland management necessary sacrifices in order to gain Liberal Party parliamentary support for a second-stage rescue is a matter for the politicians. But the question must be posed of how long Mr. Edwardes' honeymoon period will last.

Certainly, opposition by the Speke shop stewards to the proposed transfer of production of the TR-7 sports car to Coventry threatens a confrontation which could engulf the State-owned concern in yet another financial crisis. Of more immediate concern, however, is the result, expected today, of the ballot on whether the 100,000-strong manual labour force will give a six-month trial period to the company's planned incentive scheme.

## The first step

Management sees the proposed package, which offers the prospect of up to £8 a week bonus, as only the first step towards raising Leyland's lagging productivity to that of European competitors. The case for such action was given point by the disclosure last week of a joint management-union study which found that efficiency in Leyland plants was only 45-65 per cent. of that on the Continent.

Among the disturbing features highlighted by the comparison of the U.K. manufacturer's practices with those of Renault, Simca and Volkswagen were the late start and early finishes of the Leyland plants, and their generally lax work and time standards.

Even against the background of these findings and the warning that, on such trends, Leyland's competitive position will continue to decline, the shop stewards have offered limited opposition to the company's productivity deal. Their complaint is that because the bonus is based upon overall plant performance, workers will see no relationship between individual effort and

earnings. Fears have also been raised that any improvement in productivity will merely add to the 12,500 reduction in the British Leyland labour force that Mr. Edwardes has said will be necessary this year.

More serious is the trade unions' refusal to concede ground on the basic issue of "mutuality"—the right to determine with management the speed and manning levels of the track.

These are the bread-and-butter issues which have been at the centre of "the Leyland problem" for more than a decade now, and it would be a mistake to see the present offer of an incentive scheme as the first step back towards the old piecework system. Concessions made to the "piecework mentality" of the Midlands car workers have been deliberately minimal. There may be a new management team under Mr. Edwardes, but they are conscious of the experience not only of their predecessors but also of their competitors.

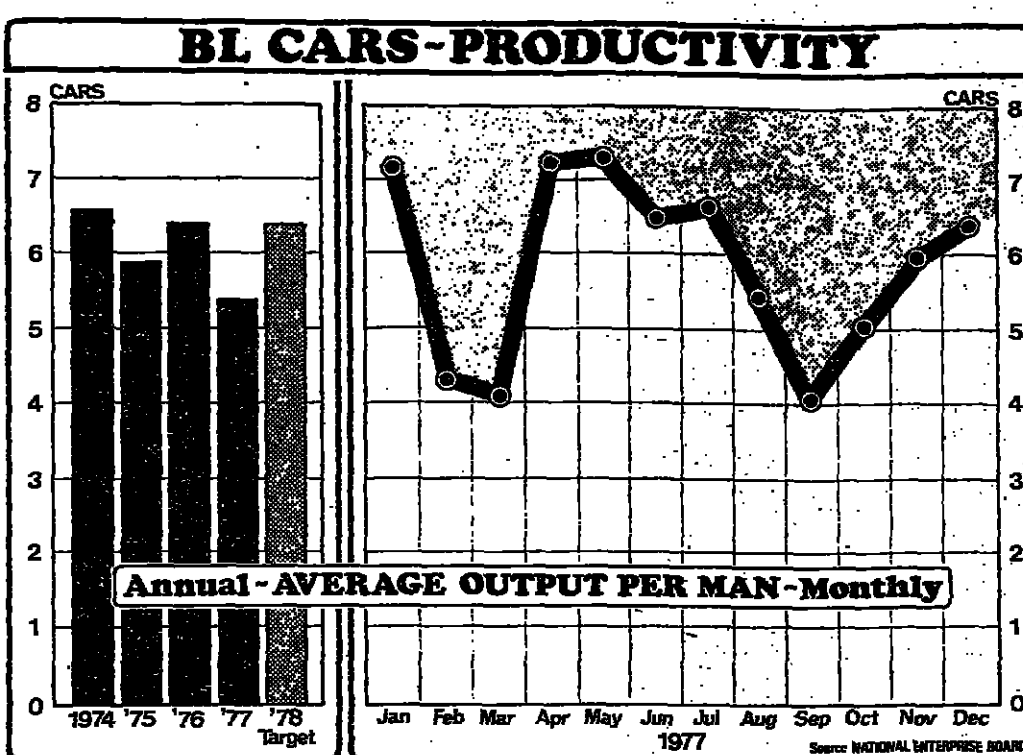
Vauxhall, Chrysler and Ford are committed to the principle of time-work—a flat rate payment for all production workers.

Leyland followed the practice of the U.S. multinationals by adopting, in the late 1960s and early 1970s, what was termed "measured day work." At Cowley for example Mr. George Turnbull, as managing director of Austin Morris, pressed for the new wage system in time for the launch of the Marina model. Haggle over rates had caused considerable delay to the Maxi launch, and in 1970, the last year of piecework, the Cowley assembly plant suffered more than 700 strikes.

The concept is featured day work is that management is able, in a fairly scientific way, to set standards under which employees work with reasonable effort at a satisfactory speed. It is the task of supervisory staff, not the pay mechanism, to ensure standards are met. A key role is given industrial engineers, the old-time rate fixers, to conduct objective work measurement studies.

In practice at Leyland the shop stewards, bred on a lifetime of piecework negotiations, tend to challenge not merely the accuracy of studies but the very principles upon which they are based. Practices vary between plants, but track speeds and manning levels owe more to the Persian market system of haggling than to objective work measurement. This control over the work situation is at the heart of the stewards' present demand to retain "mutuality."

As Ford, Vauxhall and Chrysler, where flat rate payment systems have been in operation for years, management is free to use work study techniques and, after consultation, determine line speeds and



managing levels. While the various time-rate systems based on measured day work were particularly successful in the U.K. motor industry of the 1950s and 1960s, the concern that they may not be as appropriate to the changed industrial environment of today is not confined to Leyland. However, the U.S. multinationals, particularly Ford, with their commitment to time payment and the management control it gives, are likely to make few changes. Chrysler has just introduced an incentive element, but stresses that the move should not be seen as a departure from its belief in time-rate systems.

At Leyland, the decision was taken nearly 12 months ago that some form of incentive scheme

## EFFECT OF DISPUTES - 1977

	Jan-Mar.	Apr-June	July-Sept.	Oct-Dec.	Total
BRITISH LEYLAND					
Number of disputes	200	142	144	118	604
Manhours lost	1,348.3	206.0	1,146.7	1,009.6	3,710.6
On strike	7,543.0	725.4	4,152.2	2,449.8	11,133.4
Laid idle	8,891.3	931.4	1,561.9	3,459.4	14,844.0
Total	102,763	19,024	12,359	58,762	192,908
VEHICLES LOST					
Manhours lost	225.3	6.4	2,919.0	216.4	3,367.1
Manhours lost	5,269	484	47,261	5,636	58,650

might offer the prospect of a productivity improvement. A management style which fluctuates between persuasion, exhortation and threats had met with little response from the workforce. But from the outset there was a gulf between the unions and the company on the size of the incentive element and how it should be calculated.

For the shop stewards, there was a simple correlation between the old piecework system,

lately Cowley and Longbridge, this means that labour would have to be shed merely to reach the starting line. De-manning exercises are already under way.

The unions object to the use of the business plan as the measure of efficiency because this is drawn up through the worker participation machinery, rather than by formal negotiation. Against this, management regards it as fundamental to the objectivity of the scheme that it

should not fall foul of the old arguments about mutuality.

The scheme makes clear to each group of workers what their output level would have to be to earn bonus; but actual payment would be dependent upon the performance of the plant as a whole. Thus it would be possible for any group, or a whole section of a factory, to consistently beat efficiency targets and yet receive no extra money.

Shortage of a component, possibly because of a strike by an outside supplier, could rob the whole plant—and Longbridge employs 20,000—of its bonus.

The unions argue, with some justification, that the relationship between effort and reward is so remote that the incentive value of the scheme is minimal. More seriously, the deal could cause more friction and conflict, with some groups of workers accusing their colleagues of lack of effort.

Management is not blind to this, but argues that to award bonus on anything other than a plant level basis would further exacerbate the risk of inter-group rivalry.

Company fears about the danger of a slide back to the individualism implicit in piecework are clearly illustrated in a document submitted to the National Enterprise Board last year. Leyland Cars argues that piecework earnings were increased not by the effort expended, but by the industrial pressure applied.

"The atmosphere of blackmail and strife so created was totally inimical to progressive, civilised concepts of what modern industrial life should comprise."

Management also made mention of the "inhumanity of the atmosphere surrounding the piecework system." One of the

legacies of this old system is the difference in efficiency between plants. The joint study undertaken by management and unions found that some Leyland U.K. car factories were performing 50 to 150 per cent. better than others. The clear implication of this is that some plants will be able to earn the productivity bonus with little extra effort; and that could be another important reason why the company imposed a £32 upper limit.

If the key to the Leyland problem is productivity, then there must clearly be a major labour shakeout this year, if only to gear the economy to an anticipated sales level of only 819,000 vehicles compared with the original target of nearly 1m.

On this issue, Mr. Edwardes must take some of the blame for fuelling the fears of trade unions about the possible scale of redundancies. When he addressed management and worker representatives in what he described as "an historic meeting" on February 1, he talked about reductions of "at least 12,500." But that, he made clear, was "at current levels of productivity." So it should come as no surprise that shop stewards assume that the productivity gains of the incentive scheme will mean additional redundancies.

The only authoritative statement about the net employment loss is contained in this week's report by the National Enterprise Board, which talks about 10,000 jobs, excluding the effect of the Speke closure. Confirmation of that figure alone by Mr. Edwardes would do much to still the fears within the car company.

But the result of today's ballot could mark a more fundamental turning point in the affairs of the State-owned concern. Whether or not the workforce has voted to give the bonus deal a trial run, Mr. Edwardes might feel there is case for a more ambitious incentive system.

## Shock tactic of closure

His decision to close the Speke assembly plant in many ways, marked a break with the philosophy of the former management. Under the Ryd Plan, the aim was to pursue a policy of gradualism, carefully winning the confidence of support of the workforce through enlightened industrial relations: fringe benefits at job security were seen as a way to increased productivity.

Mr. Edwardes, confronted with the need to devise a programme to make Leyland viable, may choose the shock tactic of plant closure and more rigorous incentive scheme.

## MEN AND MATTERS

## Lighter entertainment

With London's diplomatic corps still pondering Dr. Owen's onslaught at the Mansion House on the Russians and Cubans for their behaviour in Africa, eyes will be on today's lunch at Marlborough House, headquarters of the Commonwealth Secretariat. The guest of honour will be Dr. Kurt Waldheim, UN secretary-general, and apart from a plethora of top UN officials, other guests will include ambassadors and high commissioners for various countries caught up in the African political storm—including those of the United States, Zambia and Algeria. There will also be a sprinkling of British political figures, including Edward Heath, Jeremy Thorpe and Ministers Judith Hart and Frank Judd. Perhaps to the relief of Commonwealth secretary-general Sonny Ramphal, the name of Dr. Owen is not on the guest-list. I was also told yesterday that "speeches will be kept very short."

## Pot's gold

Some of our readers may have noticed that this paper does not include the Cambodian rice in its weekly list of world prices. Well, the Cambodian Premier, Pol Pot, has just given the explanation: "We have ceased to use money." And as part of this novel process, he points out, the wage system too has been suspended.

His explanation to a rare Press delegation from Yugoslavia—has just reached me, and I pass it on just in case the International Monetary Fund was keeping a Cambodian desk open. "As the cooperatives (in the countryside) started providing support for each other and bartering their produce with each other, the role of money



"Why doesn't he let nature take its course?"

became increasingly less important."

When would Cambodia bring money back? "If the people want to use money again, we will use money again." The journalists reported that in the debris which used to be the National Bank of the Kingdom of Cambodia the heavy safes and cashboxes which the Khmers Rouges have not yet attempted to open.

None of the Yugoslav questions seem to have dealt with the massacres, of which stories have filtered out, but the visitors reported a Marie Celeste atmosphere in Phnom Penh. "Coffee cups are on the tables, clothes in the wardrobes and cars untouched in garages" since April, 1975. Then the entire population of the city—at one point 500,000 people—was "asked" to live in the countryside.

Pot says people were moved because of a food problem and "U.S. imperialism and its lackeys... cooked up a plan... (to) agitate against us in the capital." But the result of these policies is that Pot, who once

spent a summer vacation working on a Yugoslav motorway, has created a situation in Phnom Penh such that "the passers by during off hour in the busiest street in the centre of the town can be counted on the fingers of one hand." As for the ministries, these have virtually no officials and those that there are spend much of their time growing vegetables for visitors. Which, at least, sounds like what those advocating less government here might favour.

## Well eeled

Gazing thoughtfully into a glass of whisky, one may on occasion see a pink elephant. But rarely an eel. Yet a potentially lucrative link has been devised by Tomatin, the Inverness-shire malt whisky distillers. Peter Wright, the company's managing director, is leading a diversification into the eel business that he expects will net £2.5m. profit annually, five years from now.

For some time the company had been pondering on how to use the excess heat from its plant, the biggest malt whisky distillery in the world—as well as the surplus pure water it feeds back into a stream named Alt-Ma-Frith. Trout farming was toyed with, but there is already plenty of competition in those waters.

Tomatin suddenly caught hold of the fact that the Germans and the Dutch relish smoked eel and can never import enough. A pilot project in the distillery was a writing success: eels take three years to reach a succulent ten-ounce size when reared in cold water, but are fit for Frankfurt platter within a year when kept in warm tanks.

So this month the first big consignment of eels (young eels to the uninitiated) will be taken from the Severn to Inverness-shire; next year the company hopes to export 100 tons of fish to the Continent.

The Germans and Dutch prefer to do their own eel-smoking, so that skill will be left to them.

## Burnt-out idea

There must have been some worried bosses in BP. Their Danish subsidiary has just been reported as exploring "a solution for burnt-out executives"—demotion. There is a polite word for it: demeritism.

The magazine, International Management, quotes a number of former Danish executives of other big firms saying such things as: "I believe I am much more valuable to the company in my present job as a security guard than if I had remained a manager." There is also some tough theorising, such as that by Laurids Hedaa, head of the Danish Institute for Personnel Management: "Companies should have a programme for demotions, just as they do for promotions."

In case BP's top men on the 31st floor of Britannic House had not been briefed about possible demeritism, may I reassure them with the results of my discreet enquiries. Your Danish subsidiary may have examined this scheme, but the firm has no plans at all for going ahead with it.

## Formidable female

Yesterday's news that the Irish bishops have withdrawn their opposition to the public sale of birth-control devices has given rise to sundry reactions. But none so glib and theologically daring, I would venture, as the first paragraph of the leader in the Irish Times: "Fear of the body—and particularly of the female body—underlies many religious attitudes to sex. Perhaps more than fear of God."

Observer

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# Cadbury just ahead after Taylor Woodrow second-half slowdown reaches £22.42m.

AFTER A marginal decrease in the latter 28 weeks from £20.4m to £19.5m, pre-tax profits of Cadbury Schweppes finished 1977 just ahead from £46.4m to £47.2m, on sales 12 per cent higher at £333.6m against £287m. Of trading profits (which stand at £50.2m compared with £54.9m), 48 per cent came from overseas.

In their interim report the directors said that half-year figures were encouraging and full-year results were expected to show continued improvement.

After tax, in accordance with ED 19, of £15.2m (£13.9m, restated), full-year earnings are shown at 7.94p (8.54p) per 25p share on a net basis, and 8.50p (9.45p) on a nil distribution basis. The final dividend is 2.09143p net for a maximum permitted 3.04143p (3.725p) total.

	1977	1976
Group sales	333.6	287.0
Trading profits	50.2	54.9
Investment income	2.4	2.4
Interest payable	14.2	14.2
Share of associates	0.3	0.3
Profit before tax	37.5	33.2
Tax	15.2	13.9
To minority interest	3.0	3.0
Extra-ord. debit	0.3	0.3
Attributable	22.0	22.0
Pre-dividend	2.0	2.0
Final proposed	2.09	2.09
Retained	47.2	46.4

The year-end balance sheet shows assets employed of £208.4m (£203.1m), and borrowings net of cash of £93.2m (£107.1m).

On March 31, 1978, the company raised a syndicated bank loan of £150m. The proceeds will be applied as follows: (a) £150m for the proposed acquisition of Peter Paul Inc. by £122.5m, for the repayment of a medium-term loan, and (c) the balance to provide working capital for the group's U.S. operations.

Sir Adrian Cadbury, the chairman, says the results have been achieved in difficult trading conditions but the company has adhered firmly to the policies set out last year. To help build the market share of major brands, international marketing investment has been increased by over 10m, during 1977.

The company's two main objectives are to build the business in North America and to improve the return on assets in the U.K. In February this year, the company announced that it was offering £150m for the U.S. confectionery company, Peter Paul. The U.K. confectionery division made a significant contribution to last year's results, but that is a reasonable turnover compared with men-

## Austin Reed up £720,000

Pre-tax profit of Austin Reed Group for the year to January 31, 1978 rose from £1.53m to £2.25m, being ahead at half-time from £0.56m to £0.75m. Turnover was up from £31.53m to £33.06m but the directors say that figures are not strictly comparable due to the closure of seven un-economic retail branches and one shirt factory during the year. Retail sales overseas declined in sterling terms as a result of the devaluation of the Scandinavian currencies, they add.

Earnings per 25p share are shown at 12.4p (9.2p) and the gross dividend is stepped up to 4.331778p (3.937880p) with a final of 2.116627p.

There was a loss of £18,613 on currency conversion for the year against a gain of £17,893 last time, and a deficit of £382 (£44,516) on property transactions. Tax takes £1.06m, compared with £0.84m. The group is a menswear retailing and manufacturing concern.

Comment:

Austin Reed's figures are distorted by the closure of one of its Irish shirt-making factories but even so the underlying pattern is good. Most of the closure costs, amounting to around £200,000, were written-off in 1976-77 so a reported pre-tax rise of 40 per cent, helped by a £200,000 drop in interest charges, is probably nearer 25 per cent on a comparable basis. But that is a reasonable turnover compared with men-

for shops closed, retail turnover was up by 13 per cent, which probably means static volume, but manufacturing sales (excluding those of the shirt factory) are up about 25 per cent, which takes about a fair slice of volume growth. Leader in that division was Harry Hall, the riding wear manufacturer, where trade was very buoyant, particularly in exports which make up 80 per cent of its sales.

Some revival in home demand at the retail outlets was experienced towards the end of 1977 and this could continue into the current year, which should compensate for a tail-off in tourist buying. Overseas, Scandinavian remains dull but Holland is expected to make further headway, and the remaining Irish shirt factory is expected to return to profits this year. At 80p the p/e of 6.2 and yield of 5.6 per cent is fairly based.

## Pitney Bowes unchanged

WITH SALES AHEAD from £16.45m to £16.97m, taxable profit of Pitney-Bowes, U.S. owned mailing business and marketing equipment maker, remained unchanged at £1.4m in 1977 against £1.39m, previously. At half year profit was £0.72m (£0.65m).

Directors say the group was particularly affected by a slowing in demand from overseas, but say the closing months of the year indicated an encouraging increase in orders taken both in the U.K. and overseas.

Profits after loan stock interest of £165,000 and before tax of £0.70m (£0.70m). Net profit was £0.62m (£0.63m).

In a re-organisation of operations a new company, Pitney-Bowes Marketing Systems, has been formed and has bought price marking assets and inventories from Pitney. The company's interest in Pitney-Bowes Svenska of Sweden has been sold to the parent Pitney-Bowes Inc., of the U.S. and the U.K. group is taking up more shares in its Finnish subsidiary.

PRE-TAX PROFITS for 1977 of Taylor Woodrow, the international engineering, construction and development group, rose from £21m to £22.42m, with £7.73m, against £6.72m, coming in the first half. Turnover dropped from £413m to £392m, including £30m (£35m) from associates.

Earnings are shown at 42p (41.5p) per 25p share and the dividend total is raised from 6.5p to 7.6229p net with a final of 3.6229p.

	1977	1976
Turnover	392.0	413.0
Trading & inv. income	27.4	22.8
Depreciation	7.2	6.8
Share of assets	2.0	2.7
Profit before tax	22.2	20.3
Tax	11.2	10.4
Net profit	11.0	9.9
To minority interest	1.4	1.4
Extra-ord. debit	1.4	1.4
Available	8.2	7.1
Dividends	1.7	1.7
Retained	6.5	5.4

\* Comprises: U.K. £5.8m, (1976 £5.8m), overseas £1.2m, (1976 £1.2m), and associated companies £1.1m, (1976 £1.1m). † Exchange losses on subsidiaries retained profits £2.2m, (1976 £2.2m), realised profits less losses on disposal of properties, fixed investments, etc. £137,000 (£138,000), minority interests £20,000 (£25,000), and associated companies net of tax £208,000 (£236,000) credit to Credit.

## Solicitors' Law sees growth for 1978

The directors of Solicitors' Law Stationery Society expect 1978 to see a continuing trend in the U.K. market and profitable development of its Belgian/French book publishing operations, resulting in steady growth above the 1977 level, Mr. R. A. Hodges, chairman, says in his annual statement.

He says 1977—when pre-tax profits rose 2.5 per cent to £12.7m—saw the marginal return to an upward profit trend, they emanating from a limited expansion in traditional markets and by the introduction of new products and services.

"Regrettably, all developments

do not show short-term gains and we still need to reverse the trend in two areas of our operations—Belgium and reprographics."

He says the disposal of J. Frankfort SA and the sale or closing down of its Belgian printing works will reduce overseas losses and enable more rapid progress in this area.

"These positive actions coupled with the constant monitoring of the movements of each activity within the group give your Board confidence in the future outlook, which will be further strengthened by current developments coming on stream within the next few years," he adds.

For the year there was a £0.63m (£0.82m) decrease in liquid funds.

## Peachey on way to profits

THE ANNUAL meeting yesterday of Peachey Property Corporation was a pale shadow of last year's battle when former chairman and managing director, the late Sir Eric Miller, was forced from the Board.

Lord Mals, Peachey's chairman, told shareholders that "I believe we are now well on the way to restoring Peachey Property Corporation as a profitable property company." And Mr. John Brown, the managing director, although he refused to be drawn into giving a value of Peachey's giant Park West flat block, which is now for sale, did confirm that "we would be down to serious talking next week and could have a deal cemented within the next month."

It is understood that Peachey is negotiating the sale of the 542-flat block with a Government body that is considering taking the flats for occupation by its own staff.

Peachey auditors, Price Waterhouse came in for criticism over their role at the group under Sir Eric's management. But they were re-elected as company auditors on a narrow hand vote, and by an overwhelming majority of proxy votes cast before the meeting.

## "Non bisogna imbarcarsi senza bussola"

(Don't put to sea without a compass)

What is good advice for the mariner is equally sound for any organization embarking on international trade or money transactions. In these, the guidance needed is that of a financial institution with both the worldwide experience and depth of resources which are essential for success.

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## Croda 1977 results

Summarised group results (unaudited)	1977 £000	1976 £000
External sales	226,572	181,717
Trading profit	14,892	16,162
Profit before tax	13,037	15,142
Earnings for ordinary shareholders	8,780	*9,470
Earnings per 10p share	p	p
Basic	8.95	*9.42
Fully diluted	8.81	*9.19
Total dividends per share	2.174687	1.948945

\* Restated for change of policy relating to deferred taxation

Chairman Sir Frederick Wood comments: After satisfactory trading in the first six months of 1977, we experienced slack demand coupled with severe competition in chemicals and glass operations, which led to poor results in the third and fourth quarters.

Depressed trading conditions in most areas have continued into 1978 and the chemical industry in particular appears to be passing through a phase of reduced activity.

In the long term however our prosperity is dependent on more permanent factors which include the wide spread of our markets and product range and the proven strength of the group in human, physical and financial resources.



United Kingdom, America, Austria, Australia, Brazil, Canada, France, Germany, Holland, India, Ireland, Italy, Japan, Mexico, New Zealand, South Africa, Spain.

## A record 6 months from MAYNARDS LIMITED the Confectioners

### Group Interim Results for the six months to Dec. 77 (unaudited)

	6 months to Dec. 77 £000	6 months to Dec. 76 £000	12 months to June 77 £000
SALES (excluding Inter-Group sales & VAT)	18,598	15,488	28,687
Trading Profit & other revenue	1,184	999	1,625
Exceptional items	89	24	(74)
	1,273	1,023	1,551
Estimated U.K. Taxation	650	555	792
	623	468	759
Extraordinary item	—	—	(50)
Profit after Taxation	623	468	709

- \* Sales up 20%; Profits up 18.5%.
- \* Manufacturing: Factories produced record tonnages—11% increase. Profits significantly above 1976.
- \* Confectionery Retailing: Healthy increase in overall sales resulting in a satisfactory higher level of profits.
- \* Toy Retailing: Sales at Christmas showed some recovery after having been depressed during 1977.
- \* With confidence in the long-term future of the Group, we are continuing our expansion programme for all operations.
- \* Dividend again increased by maximum permissible.

HEAD OFFICE: VALE ROAD, LONDON, N4 1PL

## Interim Results

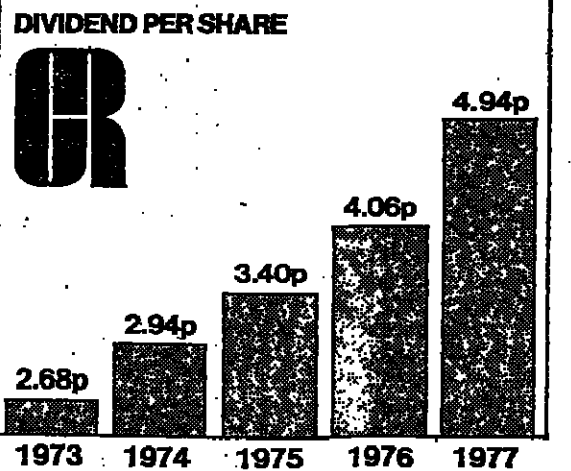
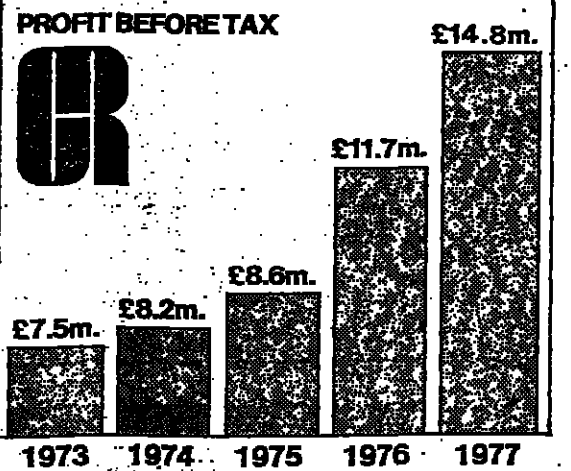
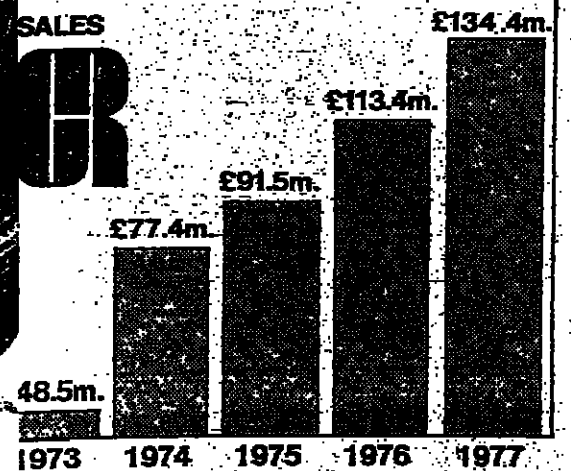
- \* Profit before tax (unaudited) for Half Year to 31st December 1977 increased to £267,000 from £201,000.
- \* Dividend payable increased to 4.0p from 3.5p.
- \* Turnover increased to £9.5 mill from £7.6 mill.

## Burns Anderson Limited Industrial Holding Group

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Subsidiaries in: motor vehicle distribution, shop and bank fitting, steel bar reinforcement, property and building development, electrical appliance distribution.

## Cement-Roadstone IRELAND'S LARGEST INDUSTRIAL COMPANY



Extracts from Chairman's Statement  
Michael J. Dargan  
Group Profit before Tax at £14,768,000, representing an increase of 26.7% over 1976, was satisfactory. Profit of this order is necessary to support further investment.

Platin Cement Plant Extension  
The £40 million Platin extension has been completed on time and on the cost figure determined by the Board. The successful conclusion of a project of this size is sufficiently unusual in recent years to merit a special note to management and employees. Our thanks are also due to all the other people who participated.

Revaluation  
We have revalued our land and buildings, as a result of which the future for land and buildings has changed from £28.3 million to £41.0 million. Our net assets per share now amount to 123.05p.

Premier Portland Cement  
A study team set up to search for a suitable replacement for the Drogda Cement Works came up with an imaginative proposal to manufacture high-grade magnesia, using as key local resources the site facilities, high purity limestone available on company lands, seawater from the Boyne estuary and employing skilled process workers. We have as a partner in this £30 million venture G. R. Stein Limited, a subsidiary of Lepworth Ceramic Holdings Ltd. Steins works are progressing well.

1977  
Sales £134.4m. +18.5  
Profit before Tax £14.8m. +26.7  
Earnings per Share 17.43p. +19.7  
Dividend per Share 4.94p. +21.6  
Dividend Cover (Times) 3.51  
New Investment £21m.

Wealth for the Community  
Wealth, the mainspring of economic progress, is derived from profit, but its generation often seems to be construed as a function of the State. The State is seen as the provider of the social services, education, housing, grants for industrial and agricultural development and a host of other things. The public is left to assume that the State provides the money for all this.

Private Enterprise and Jobs  
Private enterprise is unwisely allowing a responsibility in the provision of jobs, to a measure that is impractical, to be attributed to it. The fact is that we need efficiency and drive in both the private and public sectors. There are many impediments. The level of income tax on all people at work is too high and is discouraging extra effort. Price control operates in a manner that inhibits

capital investment. Restrictive work practices and structural deficiencies in industrial relations causing severe failures are tolerated as being unalterable.

Investment  
We should have an investment capability in Ireland of over £100 million through the next five years. This will come mainly from retained profits and from depreciation, supplemented as found necessary by borrowing. In addition, we plan to extend by growth and acquisitions abroad, in order to give us the spread of risks and opportunities essential for the long-term security of your Company. Our existing overseas ventures in the United Kingdom, Holland, Cyprus, and now in Nigeria, have all prospered in 1977 and are making a significant contribution to our earnings.

Management and Staff  
Our management and staff deserve our gratitude for taking us so well through the years of recession in the construction industry. This was done through constant cost restraint and at the same time pursuit of every chance, no matter how difficult, at home or abroad, to strengthen your Company.

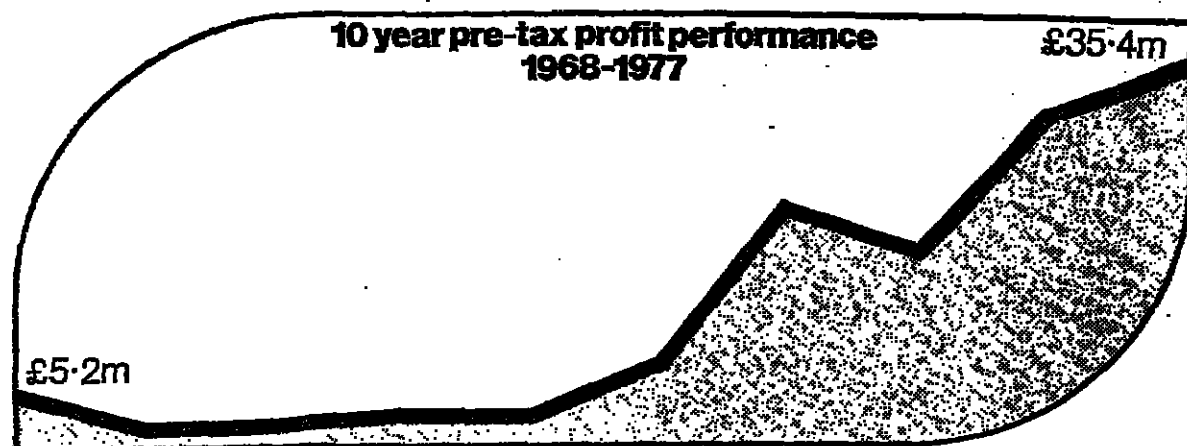
Outlook  
The indications are that the construction industry should, therefore, have an opportunity to prosper. Assuming settled conditions in Ireland and in our other markets, we are confident that we will maintain our progress.

## Cement-Roadstone Holdings Limited

Copies of Annual Report available on request from the Secretary, 19 Lower Pembroke Street, Dublin 2.



# Albright & Wilson grows!



For the year ended December 26, 1977, the company achieved record results, and the momentum of the previous year was sustained.

Sales	£338m - up 18% (£194m earned overseas)
Exports	£92m - up 24%
Pre-tax profits	£35.4m - up 12% (after charging a £3m currency loss against a £2.6m gain in 1976)
Dividends	4.61p, the maximum allowable
Capital spending	£24.5m - up 76.3%
Acquisitions	Parbury Foods, Australia; Josen Chemicals, Malaysia; Klevas Aroner, Sweden; UIC-Marchon, Singapore (45% interest)
Major projects in hand	UK - phosphoric acid complex Whitehaven, Cumbria; phosphorus chloride and sulphide plants, Oldbury; ammonium phosphates and Calgon plants, Widnes Canada and the US - sodium chlorate plants Australia - sulphonation plant Italy - detergent intermediates

## The Future

Sluggish international economy restraint on growth in the short term.

Export margins sensitive to the strength of sterling.

## But

An accelerating investment programme.

Basic strength in principal fields of activity, e.g. phosphorus and phosphoric acid.

Growth markets in sodium chlorate, flavours and fragrances, pharmaceutical intermediates.

Continuing geographical expansion.

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## The Solicitors' Law Stationery Society

Increased UK sales and profits—a difficult year overseas.

In his annual statement to shareholders, Mr. R. A. Hodges, Chairman, says that despite the unchanged level of activity in many of the Company's traditional markets and the increased pressure on margins, the results for the year show an increase in sales over 1976 of 14.3% to £19,430,319 and in profits by 3.5% to £1,266,597. Trading in the United Kingdom produced increased sales and profits for the eleventh consecutive year. Success has been achieved in reversing the trend of past years by improving the profit performance in the second half of 1977 and showing an improvement on the comparable period in 1976.

"It has been a matter of increasing concern that the relative success we have enjoyed in the United Kingdom is overshadowed by increasing losses from our Belgian operations. Experience has shown that, due to the very difficult market structure and local purchasing habits, it will not be possible for us to realise our plans for the stationery and printing operations in the short term. The Oyez S.A. book publishing operation offers a very good potential for development in the long term.

Your Board has decided to sell J. Frankfort S.A. and the printing works, or in the latter case to close it down, and to concentrate resources and expertise into the development and expansion of the book publishing and distribution operations in Belgium and France. We therefore feel it prudent to make a provision in the Accounts for 1977 of £300,000 against disposal or termination.

To ensure the liquidity position does not come under pressure, a medium term currency loan is being arranged in London to cover the present loans, disposal obligations and the major part of overdraft requirements of the continuing operations in Belgium and France. OYEZ Press showed an appreciable improvement. 1978 will see further development in new methods of production.



Bradley & Son (specialist colour printers): Installation of a second four-colour litho press at Bradley's has proved successful and the production capacity has been expanded. Charles Elsbury (Plates), a subsidiary, have expanded rapidly over the last year. OYEZ Services: Development was completed at the end of the year for the On-line computer service, a major investment which offers to solicitors immediate on-line accounting facilities. OYEZ Reprographics: The Machine Division had a disappointing year but it is our belief that this company will come into profit in 1978. The Copying Division, now formed into a separate company, has been highly successful. OYEZ International Business Communications maintained its level of profits and increased the number of conference days over those in 1976. OYEZ Stationery: Profits increased overall by 13.5%. The marginally improved trading conditions apparent in the second half of 1977 have continued into early 1978. OYEZ Publishing made substantial progress with an overall increase in sales of 28% and profit of 33%.

Summary of Results	1977	1976
Turnover	19,430,319	16,995,368
Profit before taxation	1,266,597	1,223,657
Taxation	886,461	464,911
Profit after taxation	380,136	758,746
Minorities	1,599	(1,575)
Profit attributable to members before extraordinary items	381,735	757,171
Extraordinary items	345,792	92,047
Profit attributable to members after extraordinary items	£35,943	£665,124
Dividends	£437,773	£431,140
Earnings per ordinary share	3.37p	6.78p

33%. Further growth for both the domestic and international markets is anticipated.

Overseas Operations: During the year the Group, with Thomson Publications Limited, entered into a conditional commitment to acquire, from the Thomson family limited, 50% each of Richard de Boo Limited, for a consideration of £3,670,000, payable by each party. Richard de Boo is an old established Canadian legal publishing company with a very high reputation.

FUTURE PROSPECTS: Your Board anticipates that 1978 will see a continuance of the improving trend in the U.K. market and profitable development of our Belgian/French book publishing operations, resulting in an overall steady growth of profits for the Group above that of 1977.

The Solicitors' Law Stationery Society, Limited

Oyez House, 237 Long Lane, London SE1 4PU.

PRINTING, PUBLISHING, STATIONERY, OFFICE MACHINERY, COMPUTER AND PROFESSIONAL SERVICES, CONFERENCES AND SEMINARS.

## Bowater 11% up at £87m.

WITH A slowdown in second-half earnings from £46.8m. to £42.3m., Bowater Corporation ended 1977 with a 11.1 per cent. increase in earnings to £87m. At half-year profit was £13.2m. higher at £14.7m.

Directors point out, however, that if 1977 year-end exchange rates had applied at mid-year the profit figure would have been reduced to £41.6m., giving a second-half result of £14.4m.

Turnover for the year was up from £155m. to £172m. with packaging sales ahead from £10m. to £12m. International trading and transportation up from £68m. to £74m., building products, lumber furniture and carpets £13m. higher at £10m. and retail and wholesale up from £15m. to £18m.

Two-thirds of the group profits are earned in overseas currencies, predominantly in North America, and consequently the pound is more than 12 per cent. appreciation against the dollar reduced earnings. In 1976 the falling pound benefited group figures. When profits for both years are converted at 1977 rates, the increase over 1976 is £14.4m.

The directors say there was a real benefit to the latest year earnings by the devaluation of the Canadian dollar against the U.S. dollar, and that the impact of raw material cost increases was negligible. In 1976 stock profits were estimated at £16m. against £20.19m.

The directors said at the nine months stage with profits ahead from £35.5m. to £39.8m., that the decision to write £24,000 off the goodwill in the accounts at October 2, 1976, they have now decided to write off the remaining balance of £37,000. As a result the decision to write £24,000 off the goodwill in the accounts at October 2, 1976, they have now decided to write off the remaining balance of £37,000. As a result the decision to write £24,000 off the goodwill in the accounts at October 2, 1976, they have now decided to write off the remaining balance of £37,000.

## Leyland Paint at £1.73m.

PRE-TAX profits of Leyland Paint and Wallpaper for the 65 weeks to December 31, 1977 were £1.73m. compared with £1.39m. for the previous 53 weeks. Turnover earned £12.7m. against £12.1m. in 1976, against £12.1m.

The directors said at the nine months stage with profits ahead from £35.5m. to £39.8m., that the decision to write £24,000 off the goodwill in the accounts at October 2, 1976, they have now decided to write off the remaining balance of £37,000. As a result the decision to write £24,000 off the goodwill in the accounts at October 2, 1976, they have now decided to write off the remaining balance of £37,000.

1977	1976
Sales	£12.7m.
Paper, pulp	£1.2m.
Packaging	£1.0m.
Building products	£1.0m.
International trading	£1.0m.
Transportation	£1.0m.
Financial	£1.0m.
Depreciation	£1.0m.
Research and development	£1.0m.
Provision for contingencies	£1.0m.
Minorities	£1.0m.
Extraordinary items	£1.0m.
Profit before tax	£1.73m.
Tax	£1.0m.
Net profit	£1.73m.
Ord. dividends	£1.0m.
Retained	£1.0m.

Interest rates also fell in the U.K. and while this had relatively little impact on the cost of borrowings, it resulted in a low rate of return on cash funds earmarked for future investment. After tax of £48.4m. (£44m.).

## 'W' Ribbons progress

On turnover of £7.9m. against £6.63m. pre-tax profits of "W" Ribbons Holdings for the six months to December 31, 1977, rose from £394,058 to £392,017. Profit for the 1976-77 year was a record £970,000 and the directors were then confident that in the absence of unforeseen circumstances the company would enjoy a successful year in 1977-78.

On increased capital from last November's one-for-three rights issue earnings are shown at 2.85p (3.35p) per 10p share. The interim dividend is lifted to 1.5p (0.87p) and the directors say they expect to recommend a total payment of 5p gross for the year—last year's net final was 1.275p.

Group results are satisfactory the directors state despite a drop in sales volume by the German subsidiary Hansluis, which continued to experience difficult trading conditions. The directors, however, say they have identified problems and dealt with them.

On the full year's results, they say that much will depend on the speed with which the measures taken in Germany can be made to produce adequate results. They are, however, confident that the steps taken in Germany are right and will enable the company in due course to make its proper contribution to group profits.

COMPARED with a forecast of the next few years with a consequent increased requirement for malt whisky above the quantities currently being produced.

"This seems to be borne out by the fact that we are finding that our business is showing interest in increasing their business with us in 1978," he says.

Tomatin is to spend £100,000 building a plant to produce some 100 tons of saleable eels in 1979. A pilot project was started last year to see if it was possible to farm eels on a commercial scale. The scheme uses Tomatin's abundance of pure water and waste heat.

At the scaled-up plant is success, the company intends increasing output by substantial volumes. Indications are that the project could well produce a worthwhile profit contribution from 1979 onwards.

March 6, Group fixed assets £12,500m. Current assets £20,500m. (1976: £12,500m. and £20,500m. respectively). Basic profit £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit before tax £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after tax £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after minority interests £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after extraordinary items £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after dividends £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after extraordinary items and dividends £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after extraordinary items, dividends and extraordinary items £1,200m. (1976: £1,200m. and £1,200m. respectively). Profit after extraordinary items, dividends and extraordinary items and extraordinary items £1,200m. (1976: £1,200m. and £1,200m. respectively). 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## Croda's poor second half

**PIER REPORTING** a rise from £6.2m. to £7.8m. at the end of the year, Croda International Inc. has reported a second half performance which was poor compared with the first half. The company's sales advanced from £181.7m. to £226.5m. in the second half, but its operating profit fell from £1.1m. to £0.8m. The chairman, Sir Frederick Wood, said that the company's performance in the second half was poor, but that it was passing through a phase of re-organisation. He said that the company's performance in the first half was good, but that it was passing through a phase of re-organisation. He said that the company's performance in the first half was good, but that it was passing through a phase of re-organisation.

## Berwick Timpo profit declines by £115,000

A DECLINE in second half profitability meant that taxable earnings of Berwick Timpo, the toy and game manufacturing group, declined from £995,406 to £789,850 for all 1977. Sales were higher at £122.7m. against £10.97m. in the first half of the year. The chairman, Mr. J. D. Oakley, said that the company's performance in the second half was poor, but that it was passing through a phase of re-organisation. He said that the company's performance in the first half was good, but that it was passing through a phase of re-organisation.

## Hoover calls for stimulus

ALTHOUGH 1978 has started on a depressed level, Mr. J. D. Oakley, the chairman of Berwick Timpo, said that the company's performance in the second half was poor, but that it was passing through a phase of re-organisation. He said that the company's performance in the first half was good, but that it was passing through a phase of re-organisation.

## Macfarlane's setback

A SECOND-HALF downturn from £412,593 to £288,858 cut pre-tax profits of Macfarlane Group (Classman) from £522,592 to £270,858 for the full 1977 year on turnover ahead at £228m. against £168m. But the directors state that all companies are now performing well and trading profitably in the early months of 1978. The group is benefiting from recent acquisitions, they add, which are making a useful contribution to the current year's profits. As a result pre-tax profits for the first three months to March 31 are ahead at £245,000 (£122,000).

## Midterm rise by Burns-Anderson

Turnover for the half year to end 1977 of Burns-Anderson rose from £7.5m. to £9.5m. and pre-tax profits advanced from £201,000 to £257,000. The directors say that ED19

has been applied and tax can only be assessed on the full year results. The interim dividend is lifted from 0.35p to 0.4p per 10p share costing £22,000 (£19,000). Last year's total was 1.43p and pre-tax profits came to £423,000. Mr. William Burns, the chairman, states that the trading subsidiaries in motor vehicle distribution, shop and bank fitting and steel bar reinforcement continue to increase profit and the directors are confident that management will hold or improve their share of the market. The electrical distribution company is still finding difficulty in securing business at reasonable margins and steps have been taken to vary the trading pattern.

## Bifurcated Eng. expands

PRINCIPALLY OWING to increased demand for parts feeding and packaging equipment, taxable profit for Bifurcated Engineering expanded from £143,000 to a record £1,397,000 for 1977, with £785,000 against £395,000 arising in the first half. The directors say that production levels for the second half were maintained, but owing to pressure on margins and exchange losses, profit for the period declined against that earned in the opening half. A capital expenditure programme in excess of £1m. has been initiated with the principal aim of improving productivity and hence resisting the rise in operating costs, but with the prospects of any improvement in world trade looking bleak, the directors aim is to maintain group profit at the 1977 level. From turnover of £12.2m. (£9.84m.), exports were again a record at £2.6m. (£2.05m.). After tax of £725,000 (£514,000), net profit for the year was ahead of £629,000 to £772,000. But an extraordinary loss this time of £21,000 on the sale of a subsidiary, leaves attributable profit slightly down at £591,000 (£599,000). Earnings are given as 8.92p (£3.35p) per 25p share. On capital increased by a one-for-five scrip issue, the dividend total is effectively raised from 2.5475p to 2.81637p net costing £312,000 (£192,000), with a 1.89967p final. Profit was struck after depreciation of £373,000 (£358,000), accelerated depreciation £80,000 (£115,000) and interest charges of £58,000 (£127,000). The U.K. operations have had a difficult start to the current year with the continuing depression in the economy keeping down demand for some of its products. However, the Board is reasonably confident that this year's results for these operations will not fall far behind 1977-77, he says. Meeting, Dundee, April 28 at noon.

## Titagur Jute losses go on

Mr. H. J. Silverstone, the chairman of Titagur Jute Factory Company says in his annual state-

# Cadbury Schweppes LIMITED

### PRELIMINARY ANNOUNCEMENT BY SIR ADRIAN CADBURY, CHAIRMAN

GROUP PROFIT			GROUP BALANCE SHEET		
For the 52 weeks ended 31 December 1977			At 31 December 1977		
	1977	1976		1977	1976
	£ million	Re-stated* £ million		£ million	Re-stated* £ million
Group sales	883.6	787.0	Capital Employed		
Group trading profit	59.4	54.9	Share capital of the Company	95.0	94.9
Investment income	2.8	2.8	Reserves (note 2)	164.1	148.7
Interest payable	62.2	57.7		259.1	243.6
Group profit	14.2	12.2	Loan capital	99.3	86.3
Share of associated companies' profits less losses	48.0	45.5	Minority interests	27.9	26.2
Group profit before taxation	0.2	0.9	Deferred taxation	4.1	3.3
Taxation (note 1)	48.2	46.4	Balance of investment and development grants	3.0	3.7
Profit attributable to minority interests	15.2	13.9		393.4	363.1
	33.0	32.5	Use of Capital		
Extraordinary items	3.8	1.8	Stock	196.8	170.4
Profit attributable to Cadbury Schweppes Limited	29.2	30.7	Debtors and advance payments	129.7	127.7
Dividends	0.5	3.5	Short-term loans receivable	18.1	10.7
Preference Stock	0.1	0.1	Balance at bankers and cash	13.4	7.7
Interim on Ordinary Stock of 0.95000p per unit (1976 0.85625p)	7.7	7.6		358.0	316.5
Final on Ordinary Stock of 2.09143p per unit proposed (1976 2.06675p)	11.3	10.1	Short-term borrowings	32.0	39.2
Profit retained	17.4	17.1	Creditors	126.6	105.9
Earnings per ordinary stock unit of 25p			Current tax	14.3	15.9
Net basis	7.94p	8.34p	Corporation tax	4.2	4.6
Nil distribution basis	8.59p	9.45p	Dividends	11.2	10.0
				188.3	175.6
			Net Current Assets	169.7	140.9
			Land, buildings, plant and equipment	212.4	209.0
			Associated companies	4.8	5.8
			Other long-term investments and loans	6.5	7.4
				223.7	222.2
			Assets Employed	393.4	363.1
			Borrowings net of cash	99.8	107.1

Notes			2. Reserves of the Group are as follows:		
1. Taxation charge is as follows:					
	1977	1976		1977	1976
	£ million	£ million		£ million	£ million
Corporation tax on taxable profits of the year at 52%	9.1	5.8	At beginning of year as previously published	113.6	106.7
Deferred taxation	—	(0.6)	Prior year adjustment relating to deferred taxation	35.1	23.3
Double taxation relief	(3.7)	(3.1)		148.7	130.0
Overseas tax	5.4	2.1	Profit retained for year	17.4	17.1
Advance corporation tax:	8.5	9.5	Net profit (loss) on restatement of currency assets and liabilities	(3.5)	2.8
On dividends for year	13.9	11.6	Surplus on revaluation of properties	0.9	—
Recovered — previous dividends	5.8	5.4	Nigerian issue to minorities	—	(1.2)
Over-provision in prior years	(3.4)	(1.4)	Other	0.6	—
	(1.1)	(1.7)		164.1	148.7
	15.2	13.9			

Provision is made for deferred taxation to the extent that tax arising is likely to become payable within the foreseeable future. This approach represents a change in policy from that adopted in previous years, when full provision for deferred taxation was made, without regard to the possibility that the liability could be perpetually postponed.

\*The figures for 1976 have been re-stated to reflect the revised policy.

- \* Sales at £883.6 m. were 12% up on 1976.
- \* International marketing investment increased by over £10 m. during 1977.
- \* Profit before tax rose from £46.4 m. to £48.2 m.
- \* The Board is recommending a final dividend of 2.09143p per unit which, together with the interim, makes the maximum permitted for the year.
- \* 48% of Group trading profit came from overseas.
- \* Further improvement in control of working capital resulted in reduced year-end borrowings.
- \* The U.K. Confectionery Division made a significant contribution to the results.
- \* Our two main objectives are to build the business in North America and to improve the return on assets in the U.K.
- \* Cadbury Schweppes has offered US\$58.6m. for the U.S. confectionery company Peter Paul, Inc.
- \* We are budgeting for an increase in profits: the results for 1978 should be assisted by a rise in consumers' expenditure in the U.K. and by more stable raw material prices.

Adrian Cadbury  
Chairman

6 April 1978

Subject to approval by the Stockholders at the Annual General Meeting the final dividend will be paid on 1 July 1978 to holders of Ordinary Stock registered at the close of business on 22 May 1978.

The Annual Report and Accounts, containing the Chairman's Statement and a detailed analysis of the year's trading, will be posted to Stockholders on 25 April 1978.

Cadbury Schweppes Limited, 1/10 Connaught Place, London W2 2EX

Cadbury : Fry : Pascall Murray : Schweppes : Rose's : Kia-Ora : Typhoo : Chivers : Hartley  
Kenco : Kardomah : Andre Simon : Jeyes : Babysoft : Parozone : Bloo

## Ladies Pride

Manufacturers of High Quality Fashionwear

	1977	1976
Group Turnover	5,842	4,678
Group Profit (before taxation)	1,020	808
(after taxation)	490	381
Export Turnover	1,421	924
Earnings per share	10.55	*8.21
Final Dividend (net)	1.56	*1.41
Total Dividend (net)	2.32	*2.10

\*adjusted for 1977 Scrip Issue.

Assisted by currency gains (£65,000) and interest received on short-term deposits (£87,000) we show a group profit of £1,020,000 for the year ended 30th November 1977. This represents a profit increase of 26.1% with turnover 24.9% higher at £5,842,000.

Substantial profit increases were achieved by all sections of the group.

Exports were 24.3% of turnover at £1,421,000 and at very profitable margins; however future export prices will be less profitable in view of the hardening of the pound though we remain confident of steadily expanding our overseas markets.

The year again demonstrated the high quality of our workforce. No effort was spared to ensure the best possible sales and production performance with quality products and dedicated service to customers.

Our garment production is fully booked for the current spring/summer season and whilst forecasting profit trends is unwise in these uncertain times, we view our future with confidence.

We are again proposing the maximum permitted final dividend of 1.56p per ordinary share absorbing £72,282.55. A further scrip issue of one ordinary share for every five already held is also proposed in accord with our policy of keeping issued capital in line with the capital employed in the business.

This latest scrip issue brings our total issued capital above the level required for trustee status.

F.A. Robson  
Chairman



This announcement appears as a matter of record only.

## Daewoo-Triad Development Co., Ltd.

Seoul, Korea



US \$30,000,000

Medium Term Loan

Guaranteed by

Korea Exchange Bank

Managed by

Goldman Sachs International Corp.

and

Security Pacific Bank

Asian International Acceptances & Capital Limited

First International (Pacific) Limited

First National Bank in Dallas

National Bank of North America

Funds provided by

Asian International Acceptances & Capital Limited

Bank of Montreal

BNS International (Hong Kong) Limited

First International Bancshares Limited

First National Bank in Dallas

First Pennsylvania Bank N.A.

Girard Bank

J. Henry Schroder Wagg & Co. Limited

Korea Associated Finance Limited

The Long-Term Credit Bank of Japan, Limited

Midland Bank Limited

The Mitsubishi Trust and Banking Corporation

The Mitsui Trust & Banking Co., Ltd.

MTBC & Schroder Bank S.A.

National Bank of North America

Orion Pacific Limited

Security Pacific Bank

The Tokai Bank Ltd.

UBAF Arab American Bank

UBAN-Arab Japanese Finance Limited

Union Bank, California

WMS Capital Corporation Limited

Agent

Security Pacific Bank

March, 1978

## Albright & Wilson spending £40m.

BY KEVIN DONE, CHEMICALS CORRESPONDENT

Albright & Wilson, one of the world's five leading producers of phosphorus-based chemicals, is increasing its capital expenditure by more than 65 per cent. this year.

Most of the rapidly increasing investment will be shared between plants in the U.K., Canada, the U.S. and Australia. It reflects the comparative buoyancy of the major markets in which Albright is operating, which contrast sharply with some other areas of the chemicals industry.

Capital expenditure in 1978 is expected to be more than £40m, compared with some £24.5m. last year. About 60 per cent will be spent in the U.K. and some 40 per cent overseas.

With sales up 18 per cent. last year to £338m. and pre-tax profits ahead 12 per cent. to £35.4m. Albright managed better than most chemical companies to overcome the depressed conditions of world trade.

The investment in new plant suggests that Albright is now confident that it has overcome its desperate problems with the construction of two phosphorus furnaces at Long Harbour, Newfoundland.

After years of difficulties, which brought Albright into serious financial troubles, the phosphorus plants finally came fully on stream last year. Its long-term contract for cheap power supplies in Newfoundland now offers it advantages of reduced production costs over most competitors.

Of the current investment programme £19.5m. is being spent on new phosphoric acid capacity at Whitehaven, Cumbria, and £11m. is going to increase phosphorus-based chemicals production at Widnes and Oldbury. Overseas £8.9m. is being spent on a sodium chlorate plant in Louisiana, in the U.S. and £5m. is going on a similar plant in Ontario, Canada.

Mr. David Livingstone, managing director of Albright, said yesterday that for 1978 no dramatic change was expected in the company's performance. No significant part of the business was running at a loss and none were expected to do so.

With the decline in sales particularly in North America, of sodium tripolyphosphate, a big ingredient in powder detergents, there will be a world over-supply of industrial phosphoric acid and its derivatives for the next three to four years.

But the company is confident that overcapacity will be manageable. In other areas its markets are still growing fast, said Mr. Livingstone, particularly for paper

### BOARD MEETINGS

The following companies have notified dates of Board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available whether dividends concerned are interim or final and the sub-divisions shown below are based mainly on last year's timetable.

Interim—Bunzl Products, Walter Lawrence, Flax-Goods Distributors and Murray Rawlinson Bros., Sharma Ware, Wilm Industries.

### FUTURE DATES

Albright & Wilson	Apr. 14
Benford Concrete Machinery	Apr. 14
London Atlantic Invest. Trust	May 24
Modern Engineers of Bristol	Apr. 24
North (S.)	Apr. 24
Petroleum	Apr. 24
Richards & Westgarth	Apr. 24
Sanderson (George)	Apr. 24
Social (Wm.)	Apr. 24

and pulp chemicals, flavours and fragrances, and fine and pharmaceutical chemicals. After making losses in 1976, Albright's fertilizer sector reached break-even last year. Price increases of 12½ to 15 per cent. were introduced in January, but the company says it will have to raise prices again in July, perhaps by as much as 10 per cent. before it can achieve a satisfactory return on investment.

## E. Upton turns in £198,516

INCLUDING a special credit of £123,575 pre-tax profit of E. Upton and Sons rose from £36,106 to £198,516 for the 52 weeks to January 31, 1978 on turnover down slightly to £4.5m. compared with £4.53m. for the previous 52 weeks.

The directors reported an increased loss at half-time of £112,151 against £94,847 but they said they expected to more than recover this loss in the second half.

Earnings per 25p share are 1.72p (0.05p) and the dividend is maintained at 2.25p net with an unchanged final payment of 1.5p. After tax of £43,082 (£9,855) net profit emerged as £123,575 against £26,471. The company operates departmental stores and retail shops.

### OIL AND GAS NEWS

## Thistle crude goes to Germany

THE WEST German oil exploration group Deminex Deutsche Erdölversorgungs-gesellschaft has received permission from the British Energy Ministry to export 50 per cent. of its share of crude oil production from the Thistle field in the North Sea.

The Ministry's ruling makes due allowance for the company's special aim to supply the Ger-

man market. The Energy Department normally requires two-thirds of offshore oil production to be sold to the U.K.

Deminex, with a stake of around 41 per cent., is the largest shareholder in the Thistle field, now being developed by the British National Oil Corporation.

Deminex also announces that it will explore and develop an 8,200 square metre area off the south-east coast of Vietnam in co-operation with the state oil concern Petrovietnam. The German company has signed a service contract to carry out exploration work as well as the development and production of any commercially viable deposits, and has taken over the financing of the project.

Deminex has agreed to train Vietnamese personnel and will support Petrovietnam through the marketing of its share of any crude oil finds. Exploratory work in the area should begin this year.

The German company will be paid for its services out of eventual production and will also have the right to acquire crude at market prices and export it freely.

Japan Oil Sands (JOSCO) has reached agreement with a Canadian oil corporation to take part in an estimated \$140m. oil sand development project in Canada's Alberta province.

A letter of intent on the project has been signed between JOSCO's subsidiary, Japan Oil Sands Petroleum and Petro-Canada, a Canadian government-owned oil corporation. The letter calls for the Japanese firm to put up \$75m. (£35.3m.) in return for 25 per cent. of the concession rights of the Athabasca region.

The region's oil sands are believed to contain 180bn. barrels of oil, but existing methods to extract oil from the tar sands are still expensive and inefficient.

The development cost will be shared equally among Japan Oil Sands, Petro-Canada and Imperial Oil and Canada City Service. Development will start by the end of this year under a 15 year plan, details of which have yet to be worked out.

Atlantic Richfield has discovered oil and gas in an exploratory well in the Java Sea offshore Indonesia 90 miles east of Jakarta and 14 miles south east of the nearest oil producing sector of the active Arduna field.

Further drilling will be necessary to evaluate the potential significance of the well. PSI FN-1, which was drilled to a total depth of 4,330 feet from the Santa Fe Explorer in water 122 ft. deep.

Atlantic Richfield Indonesia is the operator for a group which holds a production sharing contract with Pertamina, the Indonesian state-owned oil company.

Panarctic Oil, operator for the Arctic Islands Exploration group which includes Phillips Petroleum Canada and Gulf Oil Canada, says that the Panarctic oil at Aisa Roche Point 0-43 well offshore the Sabine Peninsula of Melville Island produced gas and condensate at "significant rates" on drillstem test at 9,000 feet. The company did not elaborate on the test results.

### MINING NEWS

## CRA warns on near term

BY KENNETH MARSTON, MINING EDITOR

WHILE lowering economic clouds and thus stem the continuing darkening world metal markets, the deterioration in our competitive position is a cause for concern.

Mr. Tinto-Zinc group's 12.5 per cent. share of the world's zinc production is a good deal of business for 1978 is of "substantially lower operating results. But diamonds in Western Australia are the weak metal prices where CRA has raised its stake and the worrying trend, expected in the Asian joint venture from ally for this group which is 38 per cent. to 52.7 per cent. dependent on growth in world trade."

In his statement with the annual report Mr. Rod Carnegie, the chairman points out that last year's rise in net earnings, share price and dividends was primarily a result of improved results from Hamessley Iron and Consolidated Aluminum. At \$1.25 per cent. stake in CRA anticipates a very active year.

But CRA continues to look for a rise in net earnings, share price and dividends. It is also worth noting that as part of its increased overseas expansion efforts CRA is negotiating to participate in Brazil's steel industry. The U.S. situation has been reached in Australia's battle against inflation. Malaysia, the U.S. whereby the rate may fall to an annual level approaching 7 per cent. by the end of this year.

## Major constraint on investment is poor demand for metals

FLYING IN the face of conventional wisdom that mining investment is being held back by political and fiscal factors, Mr. Philip Crowson, the senior economist at Rio Tinto-Zinc, often (though not always) part of the chairman's point out that the most serious constraint is weak demand for metals.

On the basis of a statistical analysis of investment trends, he told the Institution of Mining and Metallurgy in London that the industry needed to shake off its nervousness, though unfashionable.

"Companies will invest whenever and wherever the demand/supply balance provides suitable opportunities. Weak demand and prices, and substantial over-capacity in many minerals are waiting to-day, the greatest barriers to investment," he said.

Looking at copper, zinc and nickel, where there are substantial stocks, he added: "The wonder is that any new investment is going on. Yet it is." Much of the spending represented a continuation of projects started in boom periods, but mines have a powerful incentive to invest to reduce costs.

Mr. Crowson did not suggest, Jabluka uranium deposit in the so-called non-commercial Northern Territory, is to link that with Japan's Power Reactor and inhibit investment, but they needed to be placed in perspective. They may be a largely transitory phenomenon of the 1970s.

"First, they are common to all search for uranium in areas of pre-Cambrian rocks. Pancontinental, whether or not they have a mining industry. Secondly, many of the revisions in mining equity interests in the past have been obtained from Australia and Japanese companies."

A spokesman for Pancontinental said in Sydney yesterday the joint venture will spend \$55m. (25m.) and that exploration is scheduled to start in 1979. The venture is a 50-50 joint venture between Pancontinental and the Japanese government-owned Uranium Corporation of Japan.

Pancontinental, which owns the Juka deposit on a 65-45 per cent. basis with Australia's Getty, is still awaiting a Government go-ahead for exploration of the find. Shares of Pancontinental were up at £10 yesterday.

## GRAMPIAN HOLDINGS

Preliminary Results for the year ended 31 December 1977

GRAMPIAN HOLDINGS LIMITED announced profits (subject to audit) before tax for the year ended 31 December 1977 of £1,464,000 (£2,811,000).

The directors propose a final dividend of 9.97% (2.4925 pence per share) giving with the interim a total of 15.97% (3.9925 pence per share).

	1977	1976
Turnover	64,793	59,221
Group Profits before Tax:		
INDUSTRIAL SERVICES	219	1,891
CONSUMER GOODS	1,431	1,441
PRINTING AND PUBLISHING	105	(38)
	1,755	3,077
Deduct:		
Parent Company Expenses including Bank and Debenture Interest, not otherwise allocated	339	321
	1,416	2,756
Add:		
Share of profits of associated companies	48	10
PROFIT BEFORE TAXATION	1,464	2,811
Taxation on profits of the year (see note)	4	45
PROFIT AFTER TAXATION	1,460	2,355
Deduct:		
Amounts applicable to periods prior to acquisition, and Minority Interests	35	61
	1,425	2,294
Deduct:		
Extraordinary Items	38	29
	1,387	1,994
Dividends:		
Preference Paid of 4.9%	69	61
Ordinary Interim Paid of 6.0% (1976-6.0%)	152	15
Ordinary Final Proposed of 9.97% (1976-9.73%)	253	24
	474	100
BALANCE UNDISTRIBUTED	913	1,894
	1,387	1,994
Earned per share	13.36p	21.87p

NOTE: The taxation charge for the year to 31 December 1977 includes a transfer to deferred taxation calculated in accordance with Exposure Draft 19. As this represents a change in accounting policy the taxation charge for the year to 31 December 1976 has been restated on this basis. Hence earnings per share for 1976 increase from the previously reported figure of 12.82p to 21.87p.

In line with this change, £2,279,000 has been released to reserves at 31 December 1976 out of the deferred taxation account of £4,689,000 at that date.

The reserves at 31 December 1976 have also been restated to write-off goodwill amounting to £1,411,000. After giving effect to this change and to the deferred taxation release the restated reserves of the group at 31 December 1976 amount to £7,707,000, an increase of £868,000.

The Chairman, Mr. D. C. Greig, comments: "Group profits have been significantly affected by downturns in certain sectors. During the last six months much has been done to eliminate these problems by disinvestment and rationalisation. This has involved substantial non-recurring losses which are fully reflected in the 1977 results. "Your directors propose a final dividend of 9.97% giving a total for the year of 15.97% (1976-15.73%). The marginal increase is due to the reduction in the rate of tax credit from 35% in 1976 to 34% in 1977. "The Industrial Services division is progressing well in a market where margins are still low. The Consumer Goods division is performing satisfactorily while Printing and Publishing continues to improve."

GRAMPIAN HOLDINGS LIMITED

The Scottish-based holding company with interests in industrial services, consumer goods and printing and publishing.



## THE STIMULUS WE NEED...

At the Annual General Meeting held on 6th April, 1978 the Chairman, Mr Peter Boon said:-

"Next week the Chancellor will announce his Budget. We must hope he will heed our suggestions to improve market conditions. We welcome the implied promise that direct taxation will be reduced. This should give greater confidence to the public to buy more of our products.

We hope that the Budget will also be geared to do more to motivate management and skilled people on whom we as a company, as well as the country as a whole, so much rely. We must give them the encouragement to take the lead in helping Great Britain to play its full part in the world.

Although 1978 has started on a depressed level, provided we are given the stimulus we badly need in the home market and trading conditions improve overseas, we are hopeful that the immediate future will show signs of much-needed improvement."



Mr. Peter Boon, Chairman, Hoover Ltd.

### Financial Summary

	1977	1976
Group Turnover	£191m	£180m
Exports	£38m	£35m
Pre-tax Profit before translation gains/losses	£13.7m	£14.6m
Translation gains/(losses)	(1.47m)	£2.37m
Group earnings	£4.98m	£9.14m
Earnings per share	25p	46p
Dividends per share	14.82p	13.27p

Copies of the Report and Accounts together with the Chairman's circulated statement can be obtained from the Secretary, Hoover Limited, Perivale, Greenford, Middlesex.



## NORTH AMERICAN NEWS

## Curtiss-Wright chairman attacks Kennecott record

BY JOHN WYLES

NEW YORK, April 6.

SINCE shareholders' votes are the target, the Curtiss-Wright-Kennecott copper corporation battle inevitably took the colouring of a political campaign to day with an outspoken and highly personalised attack on Kennecott's management by Mr. T. Roland Berner, chairman of Curtiss-Wright.

Mr. Berner, a rather crusty 67-year-old former corporate lawyer, called a Press conference here this morning to deliver his first public comments since his company launched its bid last month to unseat the entire 17-member Board of Kennecott. Frequently slipping the lectern to emphasise his more pungent remarks, he lambasted the Kennecott chairman, Mr. Frank R. Milliken, and accused outside members of the copper company's Board of falling down on their responsibilities to shareholders.

Having acquired 9.9 per cent. of Kennecott's stock for \$77m., Curtiss-Wright is seeking proxy support at Kennecott's annual

meeting on May 2 for a list of directors committed to selling off Caribou Mining Company, which was acquired by Kennecott for \$567m. last year.

Curtiss-Wright wants to distribute the proceeds to shareholders through a \$40 a share tender offer by Kennecott for half of its outstanding stock. Worth about \$86m., this form of distribution would favour Kennecott's private rather than corporate stockholders, says Curtiss-Wright because the tax levy would probably be lighter than on an alternative distribution based on \$20 per share to each stockholder.

Mr. Berner claimed that as the largest U.S. copper producer, Kennecott had failed to assert any leadership within the industry. If the insurgent directors were successful, and Caribou Mining sold off, "we would endeavour to cure the situation where copper is selling below cost," added Mr. Berner.

He was confident that Car-

ibou could be sold off for approximately the same \$66 a share paid by Kennecott, asserting that United Technologies had offered \$60 a share in the bid battle and the Continental Group \$62 a share.

It was evident from Mr. Berner's closing remarks that Curtiss-Wright is worried about the fact that a "great deal" of Kennecott stock is held by bank nominees. Urging the banks "to go to their clients and find out how the stock should be voted," Mr. Berner referred specifically to Morgan Guaranty Trust Company, whose chairman, Mr. Walter Page, sits on the Kennecott Board.

As the single Curtiss-Wright officer on the list of 17 proposed directors for the Kennecott Board, and the leading architect of the intriguing enterprise, Mr. Berner concluded with a challenge which has long been the favourite tactic of the political underdog. "I challenge Mr. Milliken to a debate to account for his stewardship," he said.

## Court halts General Motors tax probe

CINCINNATI, April 6.

A U.S. Federal Appeals Court has ordered termination of a grand jury investigation of General Motors Corporation regarding questionable income tax deductions.

The court said the Internal Revenue Service erred in having one of its lawyers assigned to the Government prosecution team heading the grand jury probe in Detroit.

The court said the appointment of a lawyer to the prosecution team, after his involvement in the original IRS probe of GM, gave "the appearance of a conflict of interest."

The court, ruling in favour of a GM appeal of a lower court ruling, ordered the grand jury probe terminated, saying that an IRS agent involved in a tax case cannot also conduct a grand jury probe of the same case.

The IRS has questioned some \$100m. in income tax deductions taken routinely by GM in recent years. The deductions were for materials and equipment used to make products that were not part of GM's finished products.

Reuter

## Genstar to sell development offshoot

BY JAMES SCOTT

TORONTO, April 6.

A DEAL that will provide Genstar of Montreal with more than \$C100m. (\$U.S.\$77m.) to finance its capital expansion and reduce its short term debt has been arranged by this multinational company which is a major force in land development and house building in Canada and has its eye on expansion of its operations in the southern U.S.

An agreement in principle has been reached with Atco Industries of Calgary, the Mercantile Bank of Canada and the Toronto-Dominion Bank to turn over to them the majority equity interest in Genstar's Alberta Land Development Company subsidiary which holds about 13,000 acres for development.

The transaction is subject to tax rulings and approval by regulatory authorities but Genstar expects the deal will be completed by the end of this month.

Atco is the world's largest manufacturer of transportable industrial and residential structures with operations in Canada, the U.S. and Australia and markets its products throughout the world.

Genstar, whose major shareholder is Associated Portland Cement, holding more than 11 per cent. of the issued shares (approximately 56 per cent. of

the shares are held by European residents) has been selling some ten years, which has put it among the 25 largest corporations in Canada, employing more than 12,000 people, has been mainly through acquisitions.

Last year it disposed of \$C150m. worth of commercial and industrial development land and revenue properties in Canada, increased by 16 per cent. 10 per cent. came from internal expansion and only 6 per cent. through acquisitions.

Although further direct investment in Canada has slipped in priority, Mr. MacNaughton expects good growth in its existing businesses from resource development in the Canadian north-west and construction of the proposed \$C100m. Alaska Highway natural gas pipeline.

The areas for major involvement in this project would be in the supply of cement and other construction materials, heavy construction, housing and land development and marine transportation. Project management work is also possible.

Although outsiders tend to view the company as a mixed group of businesses, Mr. MacNaughton says management sees them as a vertically integrated capability, allowing the company to bid on major domestic and international projects which it can not only plan and manage, but for which it can supply some of the materials and services as well.

For instance, it has participated in some of the largest hydro projects in Canada, such as the Nelson River dams in Manitoba and the Churchill Falls and James Bay projects in Quebec. It has also been involved in construction projects in Haiti and Sri Lanka and is an active partner in specialised marine ventures operating worldwide.

While anti-trust laws in the U.S. will probably prevent it from becoming as integrated in construction and materials as it is in Canada, the company is looking into other activities that relate to its existing expertise.

For instance, although recent discussions regarding the acquisition of a savings and loan institution in the U.S. have been terminated, the company has not given up its long-proclaimed desire to enter the financial services sector on a more direct basis.

It is expected that during the next 12 to 18 months, Genstar will probably acquire one or more companies in this industry with a view to eventually not only supplying houses but also a financial package to accompany them.

Some people believe that the

domestic and international pro-

jects which it can not only plan and manage, but for which it can supply some of the materials and services as well.

AMEX BANK, the London-based merchant banking subsidiary of the American Express group, reports a further sharp rise in its profits.

The consolidated pre-tax total for 1977 was \$5.75m., a rise of 54 per cent. from the previous year's \$3.73m.

The bank reports that the rise was achieved in spite of the less favourable interest rate trends in international money markets during the latter part of the year, as a result of the sharp rise in short-term dollar interest rates and the declining gap between short- and long-term rates.

LANIER Business Products, the office equipment concern reports a 37 per cent. rise in net profit in the third quarter to \$2.1m. or 37 cents a share from \$1.5m. or 37 cents a share for the same period last year. Sales rose 45 per cent. to \$93m.

For the nine months this brings the company 30 per cent. ahead to \$6m. or \$1.40 per share, against \$1.08, on sales ahead 40 per cent. at \$89m.

AP-DJ

## Charge against Litton reinstated

RICHMOND, April 6.

THE FOURTH U.S. District Court of Appeals has ruled that Federal prosecutors in Alexandria, Virginia, may renew efforts to prosecute Litton Industries for allegedly filing false claims for cost overruns in the building of nuclear submarines.

U.S. District Judge Albert V. Bryant Jr. last year in Alexandria ruled that prosecutors engaged in misconduct in obtain-

ing an indictment against Litton. The Federal Appeals Court decision overruled Judge Bryant and ordered that the case be returned to him for trial.

The indictment of Litton stemmed from a \$30m. claim filed against the navy in 1972 by Litton's Ingalls Nuclear Shipbuilding division. In April 1976 the Armed Services Board of Contract Appeals awarded Litton \$16m., but while the panel was

considering Litton's claims, a Federal Grand Jury began looking into their propriety.

Judge Bryant had ruled that a U.S. attorney acted improperly when he threatened to prosecute Litton unless the company agreed to give up its award.

However, the Appeals Court opinion written by Judge John D. Butzner Jr. said the attorney should not attempt to coerce Litton.

AP-DJ

Flintkote chairman and chief executive officer Mr. James D. Morton told the annual meeting that "1978 will be an even better year than 1977."

The first quarter "has supported our expectations for the year" and the building materials company expects operating results to be a near-record for the period.

Although a moderation in housing demand is expected during the year, increases in the non-residential building and non-building segments along with another year of increased repair and modernisation activity should more than compensate for the moderation, reports AP-DJ from Stamford.

McGraw-Hill move

Coleman American companies has signed a letter of intent for the purchase by McGraw-Hill of certain assets of Edutronics Systems International, a subsidiary of Coleman American, reports AP-DJ from New York.

Edutronics is involved in the development of training systems and employing audio-visual programmes in data processing. Under a licence agreement from McGraw-Hill Coleman American will continue to market Edutronics products and services through its international distribution system.

Parker Hannifin

Parker Hannifin Corporation, the hydraulic systems concern, expects March 31 to be above the year earlier net of \$7.7m. or 78 cents a share, despite "some fairly significant foreign currency losses" says Mr. Fred Downey, vice president-finance.

AP-DJ reports from Cleveland. The year-earlier quarter does not reflect the results of EIS Automotive which Parker Hannifin acquired in March. Earnings for the fiscal year to June 30 should exceed those for fiscal 1977.

Champion accord

Champion Spark Plug has reached a "conditional agreement" to buy a 94.4 per cent. interest in Anderson Company, a major maker of windshield-wiper parts. The price was not disclosed, reports AP-DJ from Toledo.

Anderson, a closely held company based in Gary, Indiana, had fiscal 1977 sales of about \$52m. and is one of the two largest makers of windshield-wiper blades and arms in the U.S.

Foster Wheeler buy

Foster Wheeler Corporation has bought a 20 per cent. interest in Q-Dot Corporation, a Dallas-based manufacturer of Heat Pipe thermal recovery units reports AP-DJ from Livingston.

It expects Q-Dot to make a major contribution to applications being developed by Foster for the chemical utility and refinery industries.

## Retailers off to good start

CHICAGO, April 6.

SEARS ROEBUCK's sales for the five weeks ended April 1 increased by 11.8 per cent. to \$1.5m. For the nine weeks ended April 1, sales increased 13 per cent. to \$3m.

Carter Hawley Stores reports from Los Angeles sales for the same five weeks were \$132.8m., an increase of 5 per cent. Sales for the first two months of fiscal 1978 were \$226.9m., up 7.2 per cent.

Meanwhile, F. W. Woolworth reported from New York consolidated sales for five weeks ended March 28 totalled \$505.4m. Agencies

## EUROBONDS

## Poor start by Gestetner

BY MARY CAMPBELL

In a performance regarded favourably by dealers, the Gestetner issue started trading yesterday at a discount of 24 points from the issue price on the bid side but quickly moved up to a discount of 24 points before the morning was out.

The market had moved extremely adversely during the offering period for this issue causing the coupon to be raised by half a point. Because of this adverse movement the big discount—even after deducting the offering period—has caused no surprise.

In the dollar sector, the main feeling continues to be some surprise at the resilience of the prices.

Dealers also explained their favourable response by reference to the steepness of the Eurosterling yield curve by comparison with issues in other currencies, underwriters and selling group members sitting on the bonds will be able to make up any capital loss more quickly by financing their holdings by borrowing Eurosterling short than they could in other currencies.

AP-DJ

## Consolidated Plantations Limited BONUS ISSUE

The Board of Directors has decided that the allotment of the bonus issue of three shares for every one share held, announced by the company on 16th March, 1978, which is now subject only to the approval of members at an extraordinary general meeting, will be made to shareholders registered at the close of business on Wednesday, 3rd May, 1978. Definitive certificates will be posted to shareholders on 12th May, 1978. Dealings of the new shares on the London Stock Exchange will commence on 15th May, 1978.

Notice is given that an extraordinary general meeting of the company will be held on Friday, 28th April, 1978, at the Regent of Kuala Lumpur Hotel, Jalan Imbi, Kuala Lumpur, Malaysia, at 12.00 noon for the purpose of considering and, if thought fit, passing the necessary resolutions authorising the increase in the authorised capital of the company and the making of the bonus issue.

By Order of the Board  
Wong Tet Onn  
Secretary

Kuala Lumpur  
7th April, 1978.

## NATIONAL PETROCHEMICAL COMPANY OF IRAN

U.S. \$50,000,000

Seven-year Term Loan

Managed by

Kuhn Loeb Lehman Brothers International

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DG BANK  
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and

The Tokai Bank, Limited

Provided by

DG BANK  
Deutsche Genossenschaftsbank  
Cayman Islands Branch

European American Banking Corporation

Midland Bank Limited

The Tokai Bank, Limited

The Chuo Trust &amp; Banking Co. Ltd.

Mitsui Finance Asia Ltd.

The Mitsui Trust &amp; Banking Co., Ltd.

Agent Bank

DG BANK  
Deutsche Genossenschaftsbank

This advertisement complies with the requirements of the Council of The Stock Exchange in London

WHITBREAD AND COMPANY, LIMITED  
(Incorporated in England with limited liability under the Companies Acts, 1862 to 1986)Issue of  
£15,000,00010½ per cent. Sterling Foreign Currency Bonds 1990  
at 100 per cent.

The following have agreed to subscribe or procure subscribers for the Bonds:-

Kleinwort, Benson Limited

Algemene Bank Nederland N.V.

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Barclays Bank International Limited

Commerzbank Aktiengesellschaft

Credit Suisse White Weld Limited

Manufacturers Hanover Limited

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Swiss Bank Corporation (Overseas) Limited

The 15,000 Bonds of £1,000 each constituting the above issue have been admitted to the Official List of The Stock Exchange in London.

Particulars of the Bonds are available from Exel Statistical Services Limited and may be obtained during normal business hours up to and including 21st April, 1978 from:-

Kleinwort, Benson Limited  
20 Fenchurch Street  
London EC3P 3DB

James Capel & Co.  
Winchester House  
100 Old Broad Street  
London EC2N 1BQ

7th April 1978



## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## GERMAN NEWS

## Dresdner Bank lifts domestic dividends

By Our Own Correspondent

FRANKFURT, April 6. DRESDNER BANK, West Germany's second largest commercial bank, today announced a dividend of DM9 per DM50 nominal share for 1977. Shareholders who pay West German taxes will also receive a tax redemption coupon worth DM5.06 which they can offset against personal taxes.

For 1976 the bank paid a dividend of DM10 per share but as West German corporation tax reform had not come into force there was no tax redemption coupon.

This year's hefty rise in domestic shareholders' real income to DM14.06 per share—foreign holders do not benefit from the tax coupon unless they pay federal income tax—follows a substantial increase in the bank's profit.

No 1977 figures have yet been announced but in December last year, the bank's management announced that profits for the first ten months of the year had risen by about 10 per cent.

By that time the Dresdner's balance sheet total had grown by 11.6 per cent. to DM60.2bn. (\$30m) compared with a 6.5 per cent. increase during the same period of 1976.

Berliner Handels- und Frankfurter Bank (BHF-Bank) plans a 1977 dividend of DM9 per share. No profit figures were given.

## EBES profit rises as offtake slows

By David Buchan

BRUSSELS, April 6. EBES, THE second biggest Belgian power company, has announced increased net profits of B.Frs.2.5bn. (\$77m.) for 1977, compared to B.Frs.1.6bn. in 1976.

The announcement was made in a prospectus published today for the opening of its one-for-five rights issue.

Sales growth last year slowed down to a total of B.Frs.24.6bn. in line with the general decrease in the growth of electricity consumption last year due to depressed industrial demand.

EBES has already announced that it is maintaining the level of its dividend at B.Frs.1.77 on old shares and paying B.Frs.132.7 on the new ones.

The company is heavily involved in the nuclear field; last year a quarter of all Belgian electricity was nuclear-generated. This has created a considerable need for outside financing for all the power companies, and EBES in its prospectus estimates that its investments from 1978-1980 will total B.Frs.33bn.

Profits higher by some 51 per cent. at the net level are announced by Credit Lyonnais, the State-controlled French bank. On profits of Frs.303m. (\$66m.) net, compared to Frs.257m., the bank is holding its dividend at Frs.12 a share. Assets at the end of last year stood at Frs.218.4bn., a rise of more than a fifth.

## Bayer hit by slow sales and currency movements

By GUY HAWTIN

BAYER—THE last of the West German chemicals industry "Big Three" to report—to-day disclosed that the parent concern's pre-tax profits last year fell back by 13.5 per cent. Group world pre-tax earnings dropped by 15.4 per cent.

The setback suffered by the Bayer parent, however, is a little greater than that of Hoechst, which last month announced a 12.1 per cent. decline in pre-tax earnings, but less than that at BASF which disclosed a 21.1 per cent. fall in pre-tax earnings. Hoechst and BASF have yet to report group profit performance.

AS BOTH BASF and Hoechst have been quick to point out, 1977 was a very thin year for the chemicals industry. Sales stagnated in most areas and export earnings were hard hit by currency fluctuations at a time when the low level of international demand was already exerting a strong downward pressure on prices.

Bayer has been no exception to the rule. The parent's sales last year went up by a nominal 2.9 per cent. from DM9.66bn. to DM9.93bn. (\$4.9m.). This compares with a 1976 sales increase of 21.4 per cent. Domestic sales rose from DM4.4bn. to DM4.22bn., while overseas business increased from DM5.65bn. to DM5.71bn.—with the percentage of exports in total turnover declining from 58.5 per cent. to 57.5 per cent.

The group's executive Board, domestic prices and costs remained on average relatively stable, the group's executive Board said. In contrast, export prices, primarily as a result of foreign exchange fluctuations, declined.

Production capacity in the individual sectors remained under-utilised, which resulted in substantial short-time working. However, personnel costs rose substantially, more than offsetting a small decline in raw material costs.

According to to-day's report the Bayer parent's pre-tax profit fell by 1.9 per cent. from 64.35m. to 63.14m. workers, including social payments, increased by 6.9 per cent. from DM2.64bn. to DM2.83bn.

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Flick stands to gain substantial tax benefits if the proceeds are invested in sectors considered promotion-worthy.

Part of the funds have already been used for capital increases in two Flick subsidiaries. A further sum went to purchase a stake in W. R. Grace, the American company chiefly active in the chemical business. But there still appears to be at least DM1bn. available for further investment.

The Flick offer has a deadline of April 18. If accepted, it would mark an investment of at

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## U.K. prices again cause problems for EOE

By Charles Batchelor

AMSTERDAM April 6.

THE EUROPEAN Options Exchange (EOE) saw an increase in turnover on its second day of operation but said it again experienced difficulty in getting the prices of the underlying U.K. stocks.

Senior officials of the exchange have been assured that jobbers in London are co-operating fully in providing the prices and the EOE is now carrying out checks of the technical installations to see where the problem is, Dr. Lubbertus Scholten, managing director of the EOE, said.

The Managing Board of the EOE is now convinced that the failure to receive the prices of U.K. stocks for the three U.K. options traded here yesterday was not due to any lack of co-operation from London jobbers.

The prices of BP, ICI and GEC were unchanged in the first hours of trading in London yesterday and it was for this reason that no prices were received in Amsterdam, Dr. Scholten said.

He said he had been in touch with the London Stock Exchange and had been guaranteed its prices would be provided to-day. The lack of prices of the underlying stocks meant trading in the U.K. options could not effectively start until the last hour of the EOE session yesterday. It was at first thought to be due to the unwillingness of London jobbers to provide the information, Dr. Scholten said.

The EOE traded 668 contracts to-day compared with 531 on the first day. Philips was the most active option, trading 250 contracts (94 yesterday) followed by ICI with 107 (28) and Royal Dutch, also 107. Royal Dutch was yesterday's most active option with 126 contracts. Turnover of the remaining options was Unilever 77, ICI 32, GEC 28, BP 23, Eastman Kodak 23 and GM 21.

Margaret Reid, in London writes: It was clear last night that chance and ill-luck were essentially responsible for the apparent problems over the EOE receiving prices of British shares, which are at present only being relayed through the Telex service from the Stock Exchange's market price display service.

Negotiations for the direct supply to Amsterdam, in the longer term, of an average of the London jobbers' prices in British shares in which the EOE trades are, however, still continuing. As previously reported in the Financial Times, the idea under discussion is that an average of the prices quoted by the various British jobbers in the relevant shares should be struck and provided to the EOE, subject to certain conditions.

The essential aim of the conditions is that the EOE should take steps to ensure that such a supply of prices would not be used to assist the creation of any artificial price level in the Continental in the underlying British share.

Such an average price does not yet exist but will become available when the London options market begins on April 22.

It is worth noting that a constantly undated average price would show a trend more clearly even than would an individual jobber's price, and so would be of great value. Further talks between London and Amsterdam on the provision of average prices are to continue in the next few days.

PIERSON Holding on Pierson (PH), the Amsterdam-Rotterdam Bank subsidiary, reports a satisfactory result for 1977 although a sharply higher tax charge reduced profits at the net level. Charles Batchelor writes from Amsterdam.

Pre-tax profit rose 46 per cent. to Frs.14.8m. on a balance sheet total which rose 17.5 per cent. to Frs.3.7bn. Net profit was 12 per cent. lower at Frs.11.3m. following a change in the bank's status following its acquisition by

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## First half \$11.4m. from Generale Occidentale

By DAVID WHITE

PARIS, April 6.

GENERALE OCCIDENTALE, its stake from 51 per cent. to 78 per cent. in May last year in the French weekly news magazine L'Express.

No comparative data for the group's food interests, and in latest profit is available, since this is the first time that the French umbrella company has taken over.

At the end of last year Sir James, chairman and chief shareholder in Generale Occidentale, promised an increase of 20 per cent. in dividend and a more cautious approach to future takeovers. The group is diversifying some of its non-food interests, including those of its U.S. subsidiary Grand Union.

Apert from food manufacture and distribution, in which about two-thirds of the group's capital is employed, its main interests are in the financial sector. Early last year, Sir James's group, Generale Occidentale increased.

THE SWISS Schindler Holding group, a leading international manufacturer, reports a net profit of Sw.Frs.22.9m. (\$4.55m.) for 1977. This compares with Sw.Frs.22m. for the previous nine-month period.

Proposed dividends are effectively unchanged at Sw.Frs.1.50 per registered share and Sw.Frs.1.50 per bearer share and Sw.Frs.1.50 per registered share and Sw.Frs.1.50 per bearer share.

Group sales billed in 1977 were Sw.Frs.1.18bn. (\$240m.) compared with Sw.Frs.1.12bn. for the calendar 1976. The company sales would have risen 7 per cent. without the appreciation of the Swiss franc last year.

Incoming orders total Sw.Frs.1.18bn. (\$240m.) against Sw.Frs.1.13bn. (\$220m.) in 1976. In a letter to shareholders, directors state that there is a marked decline in new orders for railway carriages.

Elsewhere in the market, a major talking point continues to be the Sonatrach financing for the trans-Mediterranean pipeline. The club of eight banks which is widely tipped to be given the mandate for the deal have not as yet received a reply to the proposals they submitted to the Italian company ENI and to Sonatrach. ENI is the main contractor for the pipeline project and will be paying all interest due over a period of 8.2 per cent.

Manufacturers Hanover is agent and co-ordinator. A major talking point continues to be the Sonatrach financing for the trans-Mediterranean pipeline. The club of eight banks which is widely tipped to be given the mandate for the deal have not as yet received a reply to the proposals they submitted to the Italian company ENI and to Sonatrach. ENI is the main contractor for the pipeline project and will be paying all interest due over a period of 8.2 per cent.

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## INTERNATIONAL FINANCIAL AND COMPANY NEWS

RECORD YEAR FOR AIR-INDIA

## Gulf traffic provides profits boost

BY R. C. MURPHY

INDIA, the country's flag carrier, raised its net profit by 100 per cent to an estimated \$20m. (\$30m.) in the year to March 1977. The increase is in line with the worldwide upsurge in the airline business. This has been possible, says Mr. R. C. Murthy, Air-India's managing director, because of increased passenger traffic, stable fuel prices and increased operations to the Gulf.

## Pick'n Pay maintains expansion

JOHANNESBURG, April 6. PICK'N PAY, the South African food retailing group, has reported a record year for the financial year ended February 28. Turnover rose from R260m. to R380m., and pre-tax profit from R7.8m. to R10.6m. The group's share price rose 198 cents to 260 cents, allowing for dividends on group's convertible preference shares. The group's net profit for the year was R1.5m. (1976-77: R1.2m.). The group's chairman, Mr. Gordon Ackerman, said today that the current year had started "very strongly" and the growth between 15 and 30 per cent. The group's net profit for the year was R1.5m. (1976-77: R1.2m.). The group's chairman, Mr. Gordon Ackerman, said today that the current year had started "very strongly" and the growth between 15 and 30 per cent.

100 per cent. load factor and remunerative fare structure. Over the past two months, however, traffic on this sector has fallen on occasions to as low as 30-40 per cent. for Air-India. The route may no longer be as profitable as in the past. In the first place, the seat capacity has gone up with Gulf operators putting more wide-bodied jets into operation. The Indian Government's curbs on flight of manpower from this country and the tightening of immigration laws by these countries have slowed down traffic.

## Japanese airline revenues soar

BY YOKO SHIBATA

JAPAN'S THREE major airlines carried a record number of passengers on domestic routes in the fiscal year to March 1977, according to figures out today. Three airlines set a record of 32.17m. passengers, an increase of 17 per cent over the previous year. The hands-on gain is attributed to a shift of travellers to the airlines away from rail travel after fare increases on the Japan National Railway in 1976.

## Rapid growth at Jusco

BY OUR OWN CORRESPONDENT TOKYO, April 6.

ONE OF Japan's leading super-market chains, Jusco, showed a 25 per cent rise in sales and a 37 per cent increase in net profits in the year to February 1977, the company which began to borrow internationally from 1977, has therefore announced that it will boost its annual dividend by three per cent—the first dividend increase since 1974. In the meantime, Jusco is predicting that its sales will rise by over 18 per cent in 1977-78 to permit a 21.6 per cent jump in net profit for the year. Sales in the 1977-78 year rose to ¥379bn. (\$173.2m.) according to Jusco officers, and recurring net profits increased 33.2 per cent to ¥bn. (\$4.1m.). After taxes offering, perhaps in late 1978.

to bring about unanimity on fare reductions, is expected to submit its report by mid-1978. Air-India however, sees a silver lining in the Government's decision to liberalise the foreign travel scheme.

The pattern of traffic is also expected to change. Most people are expected to visit the Continent and the U.S. On the arrival of one of the three Jumbos on order in July, Air-India will, for the first time, operate three India-Paris 747 terminators via Frankfurt, from August 1, as a first step to opening a new route to the U.S. and Canada. This is also a recognition by Air-India of the possibility of Paris becoming an alternative to London as a hopping point for North America.

## Toshiba sees earnings rise

TOKYO, April 6.

SALES are expected to rise more than 8 per cent to ¥550bn. from ¥507.96bn. in the first half. The company benefited from capital outlay for plant and equipment by electric power companies and increased Government spending for public works.

After the opening of Narita, the controversial international airport, the number of landings and take-offs from Haneda airport (domestic only) will increase. An average 14 per cent fare rise on Japan National Railway's routes this June is also expected.

## SELECTED EURODOLLAR BOND PRICES MID-DAY INDICATIONS

STRAIGHTS	Bid	Offer	DM BONDS	Bid	Offer
Alcoa Australia 5 1/2% 1980	95 1/2	96 1/2	BPCE 5 1/2% 1983	100 1/2	101 1/2
Alcoa USA 5 1/2% 1980	95 1/2	96 1/2	BPCE 5 1/2% 1984	95 1/2	96 1/2
Alcoa USA 5 1/2% 1981	95 1/2	96 1/2	BPCE 5 1/2% 1985	95 1/2	96 1/2
Alcoa USA 5 1/2% 1982	95 1/2	96 1/2	BPCE 5 1/2% 1986	95 1/2	96 1/2
Alcoa USA 5 1/2% 1983	95 1/2	96 1/2	BPCE 5 1/2% 1987	95 1/2	96 1/2
Alcoa USA 5 1/2% 1984	95 1/2	96 1/2	BPCE 5 1/2% 1988	95 1/2	96 1/2
Alcoa USA 5 1/2% 1985	95 1/2	96 1/2	BPCE 5 1/2% 1989	95 1/2	96 1/2
Alcoa USA 5 1/2% 1990	95 1/2	96 1/2	BPCE 5 1/2% 1990	95 1/2	96 1/2
Alcoa USA 5 1/2% 1991	95 1/2	96 1/2	BPCE 5 1/2% 1991	95 1/2	96 1/2
Alcoa USA 5 1/2% 1992	95 1/2	96 1/2	BPCE 5 1/2% 1992	95 1/2	96 1/2
Alcoa USA 5 1/2% 1993	95 1/2	96 1/2	BPCE 5 1/2% 1993	95 1/2	96 1/2
Alcoa USA 5 1/2% 1994	95 1/2	96 1/2	BPCE 5 1/2% 1994	95 1/2	96 1/2
Alcoa USA 5 1/2% 1995	95 1/2	96 1/2	BPCE 5 1/2% 1995	95 1/2	96 1/2
Alcoa USA 5 1/2% 1996	95 1/2	96 1/2	BPCE 5 1/2% 1996	95 1/2	96 1/2
Alcoa USA 5 1/2% 1997	95 1/2	96 1/2	BPCE 5 1/2% 1997	95 1/2	96 1/2
Alcoa USA 5 1/2% 1998	95 1/2	96 1/2	BPCE 5 1/2% 1998	95 1/2	96 1/2
Alcoa USA 5 1/2% 1999	95 1/2	96 1/2	BPCE 5 1/2% 1999	95 1/2	96 1/2
Alcoa USA 5 1/2% 2000	95 1/2	96 1/2	BPCE 5 1/2% 2000	95 1/2	96 1/2

## Van Jacket debts estimated at \$228m.

By Douglas Ramsey

TOKYO, April 6. THE TOKYO apparel manufacturer, Van Jacket Company, has filed bankruptcy papers with a district court here seeking protection from its creditors. The company—which retains clothes for the young, and is a household word in Japan—has accumulated debts estimated at one credit agency at ¥20bn. (\$228m.), and is seeking a grace period to restructure its finances.

It is understood that several trading companies, including Marubeni Corporation, have lent financial support to the company in recent years, but it is unclear whether Van's backers carry sufficient weight to get a favourable decision from the court for protection under Japan's corporate rehabilitation law.

Van's failure is the second largest so far in 1978, after the much bigger Eidal group bankruptcy in February.

## Arco plan to buy \$A28m. stake in R. W. Miller

BY JAMES FORTH

SYDNEY, April 6.

ATLANTIC RICHFIELD, the U.S. oil company, has agreed to buy a 32 per cent stake in the Australian coal and shipping group, R. W. Miller (Holdings) for \$A28.25m. The deal, which has been strongly rumoured for several weeks, is subject to approval by the Federal Government's Foreign Investment Review Board.

Arco, one of the top ten oil companies in the U.S., has been active in oil and mineral exploration in Australia for more than 20 years. It controls the mining group Anaconda, which has also been active in Australia. The Miller parcel involved is owned by Bulkships, the shipping group, which is 82.5 per cent owned by the international Transport group, Thomas Nation-

battle—which ultimately went to the Privy Council. The end result was that Howard Smith obtained 35 per cent, but Ampol and Bulkships agreed to pool their 32 per cent holdings and to control Miller jointly. This arrangement was embodied in a letter of intent which also gave Ampol or Bulkships the right of first refusal if the other wished to sell its Miller stake. The Bulkships parcel, it appears, was offered to Ampol, but it was not prepared to pay more than \$20m. and did not make an offer. If the present arrangement transferred to Atlantic Richfield, the authorities might decide that a U.S. group was in a position to exercise control. The NSW guidelines on foreign investment in mining companies give it the right to vary previously determined conditions of mining leases where a "significant change in ownership" takes place.

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## Exchange questions Boral bid

BY OUR OWN CORRESPONDENT

SYDNEY, April 6.

BUILDING PRODUCTS group Boral today bought another 3 per cent stake in the company, raising its holding to 40 per cent, but disputed a suggestion by Sydney Stock Exchange that this represented control.

The Exchange had asked Boral whether it intended to make a full take-over offer, following its disclosure on Tuesday that it held 37.3 per cent of Australian Gypsum's capital.

The Exchange also asked whether Boral intended to continue buying shares in the market and to what extent, and what Boral's intentions were for the future structure, operations and ownership of Australian Gypsum.

The only definite reply from Boral was that it intended to continue buying on the market, but the percentage target was not identified.

The result was that another 1m. shares were sold in Melbourne today.

advice the exchange when they had made a decision. Boral said that events had moved so quickly that the directors had not considered their intentions. The Board pointed out that Boral only started buying on February 9 and at the start of this week held only 6.6 per cent of the capital. Substantial quantities of shares were bought by Boral "and by others" on Monday, but on Tuesday, with the apparent withdrawal of the other large buyers, Boral purchased large quantities of Australian Gypsum stock. Boral directors, therefore, had to consider the position and would advise their future intentions "in due course". While they are deciding, the company is apparently still mopping up shares. The present they were considering whether to make a formal takeover offer for cash outlay of around \$A22m. (US\$25.3m.).

## Excess Insurance Group Limited

Summary of operating results 1977		
	1977 £000	1976 £000
Group Premium Income (gross of commission)		
General	88,750	74,201
Life	2,603	2,612
Underwriting Results	(3,580)	(4,550)
Investment Income	12,044	9,467
Sundry Items	(285)	285
	8,189	5,202
Taxation	2,166	308
Operating profit	6,003	4,894

## Extracts from the Statement by the Chairman and Chief Executive, Mr. W. L. Samengo-Turner

The profit for the year 1977, before taxation, was £8.2m, as against £5.2m for the previous year. This increase in profit of 57 per cent represents a significant achievement by the management and staff of the company, despite the difficult period through which the country's economy has passed.

The premium income of the Group in respect of general business, gross of commission but after the deduction of re-insurance premiums, showed an increase to £89m as compared with £74m in the previous year. Over half of the general business premium income is in respect of business emanating from the United States and as all premiums are converted into sterling at the year-end rate it will be appreciated that the real growth of premium income has been understated due to the change in the relative values of sterling and the dollar.

The underwriting loss on general business, after charging operating expenses, showed a substantial reduction from £4.6m in 1976 to £3.8m, which represents 4.3% of the premium income for 1977 as against 6.2% for the previous year. Whilst this is encouraging we are continuing our efforts to reduce these underwriting losses.

The high interest rates which prevailed in 1978 continued during the first half of the current year, and this factor—coupled with a further increase in the funds invested in fixed interest securities has resulted in a further increase in investment income.

Looking to the future, there are encouraging signs that the levels of inflation are dropping towards a more tolerable level which the business community can operate and produce a level of profit sufficient to finance future growth. During the past year we were able to improve the solvency margins of all our operating companies, despite the significant growth of premium, and we are therefore confident that we enter 1978 with an adequate base for further controlled growth.

Copies of the Full Report & Accounts may be obtained from the Secretary, Excess Insurance Group Limited, 13 Fenchurch Avenue, London EC3M 5BT

This advertisement is issued in compliance with the requirements of The Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase any Preference Shares.

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(Incorporated under the Companies Acts 1862 to 1980)

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The Company announces that it has placed the above-mentioned Preference Shares in the market at a price of £1.0425 per share. Such shares will rank pari passu in all respects with the existing issued shares of the class.

The Council of the Stock Exchange has granted a listing for the Preference Shares. Particulars of the rights attaching to them are available in the External Statistical Service.

7th April 1978.

## Union Bank of Switzerland

### Notice to Holders of the 4½% USS Convertible Bonds 1977/87 of Union Bank of Switzerland (Luxembourg), Luxembourg

At the Annual General Meeting held on April 6, 1978 the shareholders of Union Bank of Switzerland have approved to increase the share capital from Sfr. 1050 millions to Sfr. 1100 millions.

In conformity with the Terms and Conditions of the Bonds, the conversion price has therefore been reduced to

USS 1,168.77

with effect as of April 7, 1978.

Upon conversion of any Bond, there will be paid to the Bondholder in respect of each Bond delivered for conversion a sum in dollars equal to the difference between the principal amount of USS 1,200 of such Bond and the new conversion price.

## Union Bank of Switzerland

## Union Bank of Switzerland

### Notice to Holders of the 5% USS Convertible Notes 1976/81 of Union Bank of Switzerland (Luxembourg), Luxembourg

At the Annual General Meeting held on April 6, 1978 the shareholders of Union Bank of Switzerland have approved to increase the share capital from Sfr. 1050 millions to Sfr. 1100 millions.

In conformity with the Terms and Conditions of the Notes, the conversion price has therefore been reduced to

USS 1,198.80

with effect as of April 7, 1978.

Upon conversion of any Note, there will be paid to the Noteholder in respect of each Note delivered for conversion a sum in dollars equal to the difference between the principal amount of USS 1,350 of such Note and the new conversion price.

## Union Bank of Switzerland



**BY K. K. SHARMA, recently in Bombay**

## High cost

Tata concerns need funds badly because some make losses while others want to expand and diversify. They lack finance even for badly-needed modernization and hence units making textiles, air-conditioners and some others make losses that Tata Sons pick up because of a reluctance to see a Tata firm go down, although its directors admit the time might come when this difficult decision will be needed. Such funds are not readily available because Tatans remain, as parts of their tradition, in the high-cost, low-profit areas. Recent attempts to enter high-profit areas like fertilisers, synthetic textiles and pharmaceuticals have failed because of government intervention. The decision to branch out into sophisticated technology areas like electronics and computers (permitted under MRTP) and to look outside the country

**are the ones  
that don't show**

It used to be called shell-shock. Now we know more. We know that there are limitations to the human mind.

Soldiers, Sailors and Airmen all risk mental breakdown from over-exposure to death and violence whilst in the service of our Country. Service... keeping the peace no less than in making war.

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We help them at home and in hospital. We run our own Convalescent Home. For some, we provide work in a sheltered industry, so that they can live without charity; for others, a Veterans' Home where they can see out the days in peace.

These men and women have given their minds to their Country. If we as a nation we must have funds. Do please help to repay this vast debt. In part by all of us.

**"They've given more than they could — please give as much as you can".**

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# World Accounting Report

The UN is proposing wide ranging disclosure guidelines for multinational companies.

This month WAR examines the proposal and reports on how major multinational around the world are reacting aggressively to what they regard as unwarranted UN interference in their affairs.

They hope to prevent the UN Commission on transnational Corporations approving the guidelines in May.

The future will besiege you with questions. World Accounting Report will arm you with the answers.

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## هكذا من العمل







# The Property Market

BY JOHN BRENNAN

## Slide in prime yields halts

THE expectation of a rise in the Minimum Lending Rate within the next few months has taken much of the heat out of the property investment market, and out of the property share sector.

In the physical market, investment partners of the major agencies and fund managers in most of the active institutions all report increased caution and a marked slowdown in property activities. There is also a temporary hiatus before next week's Budget.

The market is not expecting Mr. Healey to announce any particularly adverse measures for the industry in his speech next Tuesday. And some hopeful

souls look for a relaxation of Capital Gains Tax. Either way, there is little pressure to complete deals before the 11th.

In the property share sector, Town and City's £120m. refinancing programme has been greeted with interest. But, after a careful look at the dilution effect of the proposals and the scale of the group's remaining problems, the move sparked little buying interest. English Property Corporation's results last week were also too closely in line with the market's undemanding estimates to have any beneficial impact on prices (although a misprint in the published accounts showing overseas short term debts at £21.462m. instead of £1.261m. may have

wholly to rents which must run up much faster to counteract a weakness in the property yield structure.

This need for higher rent expectations would be hard to fulfil in the current economic climate. And even a return to the post-war average of an annual 5 per cent rise in office rents would be insufficient to justify a current purchase at 44 per cent. of a property if prime yields subsequently rose to, say, 51 per cent.

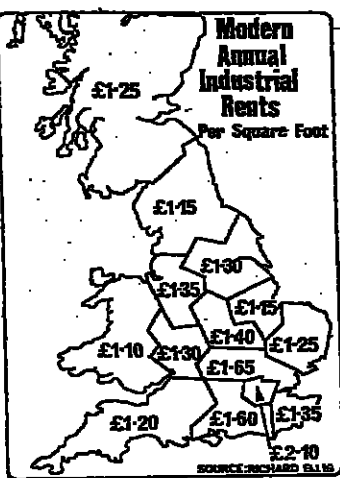
The mathematics of that argument are simple. At 44 per cent., rents currently need to rise by six per cent. a year to give an equivalent return to gilts. A point rise in yields would need that six per cent. rise, plus another 9 per cent. rise to offset the fall in capital value, adding up to an unduly demanding 15 per cent. in all to keep level with gilts.

As Mr. Baden-Powell believes that property shares already discount much of the profits boost expected from the "revolutionary" effect of bunched, historical rent reviews in the next few years, and as all the other pointers for the companies are in his view neutral or downwards, he is a bear of the sector.

Weight of money advocates may feel that he is unduly pessimistic, and that the sheer weight of investable funds will provide continued buoyancy for both physical and share markets. But the two markets have now clearly cooled after the winter boom, and even unrepentant bulls should heed the warning signs.

### IN BRIEF

TWO years ago Electricity Supply Nominees, the electricity supply industry's £1,000m. pension fund, decided to increase the industrial content of its property portfolio. Industrial still account for only 10 per cent. of its £330m. property assets. But in its move towards factories and warehouses the fund has built an impressive development programme of its own, managed by Richard Ellis.

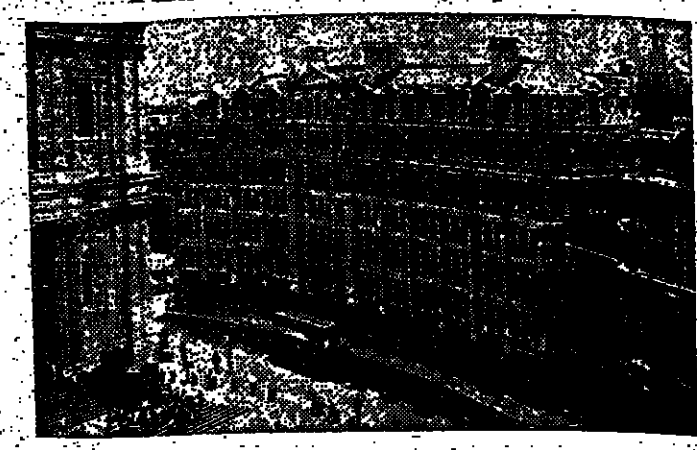


Modern Annual Industrial Rents Per Square Foot

The Church Commissioners risked a very depressed City of London office market three years ago when they decided to go ahead with their £5m. restoration of Concor House by St. Paul's. In the event, they can be credited with faultless timing having brought the 110,000 square foot block onto a market acutely short of larger vacant offices.

Under existing planning consents only 43,000 square feet of the building can be used for offices, the rest is covered by a Class 10 warehouse and showroom consent. But it is hard to imagine either the City Corporation or the Department of the Environment blocking an application for change of use. Neither authority could seriously relish the prospect of an operational warehouse on the very door step of St. Paul's Cathedral.

Cluttons, acting for the Commissioners, have followed the existing planning consents in their renovation



work. They have brought the office floors up to air-conditioned standard and have applied a more basic finish to the Class 10 space. The office areas are on offer at £12.33 a square foot, and the rest is available at £3.50 a square foot. But the agents are clearly hoping for—and are already talking to—at least one single tenant for the whole building to support an application for an extended Office Development Permit.

Assuming a successful alteration in the planning controls, Concor House and Sun Life Assurance's 110,000 square foot former headquarters in Cheapside—put on the market this week by Richard Ellis at £14 a square foot—would be the only two buildings with more than 100,000 square foot available in the City.

## Battle over Neasden

Bernard Sunley Investment Trust's corporate nose is visibly out of joint over British Rail's decision to award its £10m. Neasden store and freight depot contract to Kyle Stewart, English Property Corporation, and Tesco.

As reported last week, Sunley's consortium to develop the 46-acre British Rail site near Wembley Stadium included Tesco, the French group Garonne, and London and Mercantile's subsidiary, Co-Partnership Properties. When British Rail decided to consider separate tenders for the projected 100,000 square foot superstore and the freight complex, Tesco won the store contract, and local Wemb-

ley developers Kyle Stewart backed by English Property Corporation and Legal and General Assurance, and advised by agents James Lewis, won the freight scheme.

Sunley is now discreetly calling "foul" over British Rail's decision, arguing that its scheme for a £900,000 annual ground rent—£550,000 for the store and £350,000 for the freight yard beats the proposals put by Kyle Stewart separately. British documents have not yet been signed with the chosen developers, cannot understand the fuss. It sees no reason for re-opening the tender.

Property Deals appears on Page 36

# INDUSTRIAL AND BUSINESS PROPERTY

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## PROPERTY DEALS

### A new dimension to 'marriage value'

LATE IN 1974 insurance brokers C. E. Heath arranged to buy the 25,000 square foot Millbourne House, 151-154 Minorities EC3, from Prudential's subsidiary VCB, for £42m. Now, the broker has picked up the neighbouring near twin of the 151-154 building which has been renamed (Cuthbert Heath House) for less than £23m.

The broker, advised each time by Newton Perkins and Forbes, has bought Prudential's leasehold on the 24,884 square foot Shipping Federation House at 146-150 Minorities, as well as the City Corporation's freehold on the two buildings for £23m. And that price also covers part of the reconstruction costs involved in merging the two buildings to create one 54,000 square foot headquarters block.

The broker would seem to have added a new dimension to the term 'marriage value' by being the first purchaser to benefit from such a deal. Or perhaps 1978 prices are simply more rational than those of 1974.

THE Kuwait Oil Company KSC has taken the former headquarters of Ravenscroft (Land Securities main subsidiary) at 80 Bond Street, W1, on the corner of New Bond Street and Oxford Street. Ravenscroft moved from the 14,500 square foot building in New Fetter Lane just before Christmas. Agents Healey and Baker had been asking just over £13 a square foot for the space. Hillier Parker, May and Rowden acted for the Kuwaitis.

IN the seven months since Douglas Chance (of Peachey fame) and David Gammett (formerly of JLV and Debenhams) started the London office of Scottish agents Bell Ingram, their firm's long-standing links with the major Scottish institutions have ensured them the royal treatment from fellow agents reserved for potentially well-heeled purchasers. They help to justify that treatment this week with news of the first of a string of Scottish fund purchases, a £25m-plus acquisition in Moorgate for Standard Life.

Ellerman Estate has sold its freehold offices at 19-21 and at 23 Moorgate to Standard Life for rather less than the £3m asking price. All but 9,250 square feet of the 21,000 square foot space is occupied, and the Scottish fund will have to carry out considerable modernisation work to bring the buildings up to modern lettable standard. Jones Lang Wootton acted for Ellerman.

THE Carlton Theatre in the Raymarket, which has been used as a cinema since the 1830s, is to be redeveloped as a multi-screen cinema and office complex.

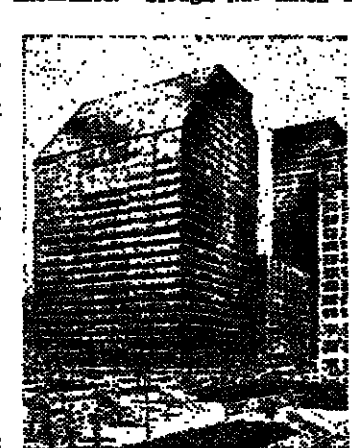
Samuel Properties has bought out Twentieth Century Fox's short leasehold interest in the Carlton, and has renegotiated a new 99 year leasehold from the site freeholder, the Crown Estate.

Samuel has Westminster Council's approval for plans to build a 30,000 sq. foot air conditioned office block at the rear of the cinema building facing onto St. Alban's Street, SW1. Samuel will fund the scheme itself.

The cinema has been sub-let by Samuel to Laurie Marsh's Inter-european Property Holdings, which will repeat its recent efforts in Oxford Street—rather less expensively as the Carlton needs less conversion—by turning it into a three-screen cinema. The latest addition to Inter-european's Classic cinema chain is expected to be open by the autumn. D. E. and J. Levy acted for Twentieth Century Fox, and have been retained by Samuel to let the offices. Cluttons advised the Crown Estate.

SLOUGH Estates' first move in a programme to increase its direct investment in the U.S. property market is a 25 per cent equity stake in a U.S. \$60m. (\$32m.) office development in Chicago.

The 800,000 square foot, 27 block, to be built on the junction of Monroe and Dearborn in the heart of Chicago's financial section, is financed primarily by a \$48m., 32 year fixed interest mortgage from New York Life Insurance. Slough has taken a



quarter share of the \$12m. equity balance along with its U.S. property partners, Draper and Kramer, and a consortium of local companies and individual investors.

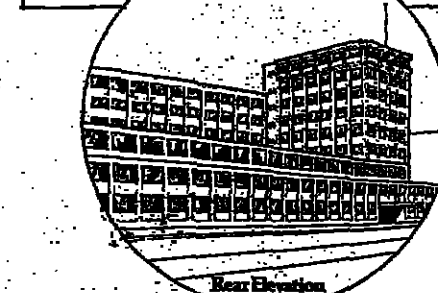
Around 15 per cent of the office space has already been pre-let at rents in line with current prime Chicago space costs of around \$13 a square foot, exclusive.

Slough, which reported 1977 pre-tax profits of £913,000 ahead at £8.96m. earlier this week now has approximately 5 per cent of its £200m. portfolio in the U.S. and around 18 per cent in Canada. Sterling's strength in 1977 restricted total overseas rentals to £4.33m., just under a third of the group's overall rent roll.

It is hard to envisage an 800,000 square foot office scheme in Britain being built in less than four to five years. But the Chicago block, endearingly and temporarily named 'M/D' is expected to take just 24 months from site clearance to opening.

J.B.

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SUPERB HEADQUARTERS OFFICE BUILDING  
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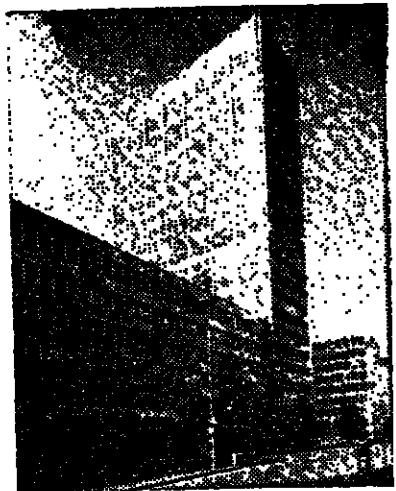
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## APPOINTMENTS

# Senior changes on Hoover Board

Mr. P. C. Boon is to retire from the chairmanship of HOVER Publications towards the end of this year, but he will remain on the Board without executive responsibilities after that time.

Mr. David Perkins has joined the Board as finance director, replacing Mr. F. A. Buttner who has retired. Mr. Peter Clayton, finance controller of the overseas division, has been appointed as associate director.

Mr. Dennis S. GreenSmith, a director of Sears Holdings and group managing director of the Lewis/Selfridges Group, has been appointed a non-executive director and chairman designate of WILLIAM PICKLES AND CO.

Mr. Roger Gilmour, at present managing director of GRIFFITH LABORATORIES, has been appointed international director.

Mr. S. M. Gray has been appointed a director of ASSOCIATED NEWSPAPERS GROUP.

Mr. Nick Eaton-Carter has been elected financial director of TI WELDLASS (Tube Investments).

Sir James Vernon has been elected chairman of CSR. Sir James will leave the Board meetings until the end of July, for health reasons.

Mr. E. G. Murray and Mr. T. M. Palmer have become joint managing directors of the ELECTRONIC MACHINE COMPANY GROUP.

Mr. Michael Davie has been appointed to the Board of the overseas division of LOWNDEN LAMBERT GROUP. He was formerly general manager in Jeddah, Saudi Arabia, of the National Insurance Company SA.

Mr. Kelvin Hewlett has been appointed engineering director of CROSBY VALVE AND ENGINEERING COMPANY.

Mr. Fred Boisson (service), Mr. Alan Burke (technical) and Mr. David Halliday (marketing) have been appointed to the Board of BRITISH RELAY WIRELESS AND TELEVISION as associate directors. Mr. John McQueston, of Lloyds and Scottish, is retiring from the Board of British Relay.

Mr. Malcolm Lowe, until recently a member of the Board of the International Publishing Corporation, is joining the BENN GROUP in a part-time capacity on July 1 as a director of Benn Publications.

Mr. B. D. Newman is to join the partnership of SPENCER THORNTON AND CO., stock-brokers, on April 15.

Mr. F. W. Lacey has resigned as director of ALFRED DUNHILL.

Mr. P. P. Hargreaves, finance director of HEAD WRIGHTSON, has left the company but remains a consultant. He is now a partner in Goldson and Hargreaves.

Mr. MARDON PACKAGING INTERNATIONAL has made the following appointments: Mr. Peter Humphrey, personnel director of Ashton Containers; Mr. Peter Sanderson, financial director, Duffin Containers; and Mr. Alasdair Johnston, production director, Candell Cartons.

Mr. N. T. Dukes has become chairman of DUCTILE STEEL STOCKISTS. He succeeds Mr. C. J. Baker, who remains on the Board.

Mr. R. F. Monk, deputy chairman of James Finlay and Co., has joined the Board of GERRARD GROSS as a non-executive director. The appointment follows the Bank acting as advisor to the company in its recent acquisition of Manoff Advertising.

Mr. P. C. H. Vey has resigned as a director of CENTRAL AND SHEERWOOD and its subsidiaries.

Mr. Christopher Bland has been appointed a director of NATIONAL PROVIDENT INSTITUTION.

Mr. Peter J. Scott has been appointed secretary-chief accountant, BRITISH TIMKEN. He succeeds Mr. Ron E. Farren, who has retired after 18 years' service.

Mr. Peter Smith has been appointed group public affairs manager with POWELL DUFFRYN and will take up his appointment on June 1. Mr. Smith has been public relations adviser with Booker McConnell for the last eight years.

Mr. F. J. R. Webb has been appointed a director of the GRANGE TRUST.

Mr. F. E. de Smitt, Mr. C. H. Dreyfus and Mr. M. J. Monk retire from the partnership of FIDGION DE SMITT stock-brokers on April 14. Mr. F. E. de Smitt will remain associated with the firm as a consultant. Mr. B. C. Patient and Mr. V. Tyler will be taken into partnership from April 17. Mr. S. W. Almond, Mr. C. E. Gunner and Mr. M. Paul, associate members, retire from the firm as of April 14.

NORDIC BANK has made Mr. Arild Nerdrum its regional manager in London with responsibility for Norway. He succeeds Mr. Christen Solem, who returns to Norway on July 1.

The MINISTRY OF DEFENCE states that Lieutenant-General Sir William Scott is to be Commander Northern Army Group and Commander-in-Chief British Army of the Rhine, in the rank of General, in October 1978, in succession to General Sir Frank King, who is to retire.

Dr. (Matthew) Rolf Olsen, director of Social Work Studies in the UNIVERSITY OF BIRMINGHAM, has been appointed Professor of Social Work. This is the University's first chair in social work and is for one tenure only.

Mr. Quinton Hazell has been elected a director of the WINTER BOTTOM TRUST.

Mr. K. A. Crowley has been appointed a director of BRITANNIA TRUST MANAGEMENT.

Mr. K. T. Maunders has been appointed to the newly-created Chair of Business Finance and Accounting at the UNIVERSITY OF LEEDS from October 1. He is at present senior lecturer in finance and accounting at Lancaster University.

Mr. Angus Shearer has been appointed managing director of HANDY ASSOCIATES INTER-NATIONAL INC. He was previously with London Broadcasting.

Mr. J. F. Platt has been appointed to the Board of the SOLICITORS' LAW STATIONERY SOCIETY. He has been managing director of Oves Publishing since March 1976.

Mr. Graham Blease is to join MEANLEY AND COMPANY, stockbrokers, on April 10 to develop specialised services for institutional and corporate clients.

Mr. Robin Davies has been appointed director of PD OIL AND CHEMICAL STORAGE, part of the Powell Duffryn Group. Mr. Davies is the vice-president and general manager of EDOCS in the U.S. El Dorado Terminals Corporation, and a member of the Board.

Air Commodore Brian G. Fry has been appointed director general at the Falkland Islands Office, in Westminster, by the FALKLAND ISLANDS SEARCH AND DEVELOPMENT ASSOCIATION.

Mr. Robert Brook has been appointed deputy chairman of the NATIONAL BUS COMPANY group and continues as chief executive of NBC.

Mr. Raymond R. Miles, development director with Ocean Liners, has been appointed executive vice-president of BARBER BLUE SEA and will be based at the company's head office in Oslo. Mr. Peter Collins, at present Ocean Liners' development manager, will also be joining Barber Blue Sea as vice-president logistics in New York.

Mr. Mike Prewer has been appointed director/general manager of TI TRANSSERVICE, a member of the TI Transport Equipment.

Mr. W. F. Stoot has been appointed senior principal surveyor for Scandinavia and Finland, responsible for co-ordinating LLOYD'S REGISTER OF SHIPFINDS overall operations in the region. He will continue to represent Lloyd's Register as a principal principal surveyor in Denmark residing in Copenhagen.

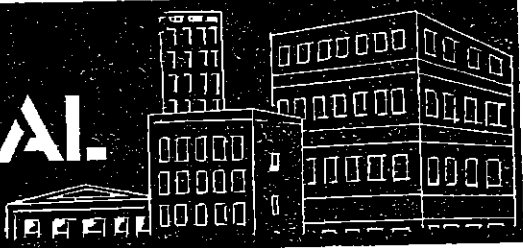
Two newly-created senior appointments have been made in the POST OFFICE to strengthen the purchasing and support functions of the Corporation. Leslie Thomas, temporary director of provisioning, takes up a position of director of supply, a Mr. Howard Cadwalader, a controller of contracts, become director of purchasing.

The appointments result from a Post Office reorganisation of purchasing and supply departments into a new procurement executive under the control of Mr. Sydney Swallow, chief procurement officer.

BROWN BROTHERS CORPORATION states that J. Stanley Gillen has resigned as director having taken up a permanent residence in the U.S.

Mr. Francis Gondard, president of the Solex Group, has joined the Board of the ZENITH BURETIS COMPANY.

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## STOCK EXCHANGE REPORT

# Another firm day but leaders close below the best Index up 1.2 at 471.4, after 474.2—Gilts higher

## Account Dealing Dates

Option  
Declarations Last Account  
Mar. 13 Mar. 30 Mar. 31 Apr. 11  
Apr. 3 Apr. 13 Apr. 14 Apr. 25  
Apr. 17 Apr. 27 Apr. 28 May 10

\* "New time" dealings may take place from 9.30 a.m. to 10.30 a.m. on the first day of trading.

Buoyed up by a revival of budget optimism, equity stock markets made good showing yesterday. However, the leaders drifted back after an initial bout of enthusiasm and, with little stock coming on offer in the late afternoon, final quotations were well below the best and occasionally easier on balance. Up 4 points at its highest of the day, the FT 30-share index eased to record a net rise of 1.2 at 471.4, London 100, up 5 at 666, while the 100-share index rose to 133.7, after 133.7.

Buying interest in secondary stocks broadened considerably, while bid speculation was again well to the fore in the day's proceedings. The more widespread advance was illustrated by a majority of rises over falls by around 100 in FT 100-share index, compared with 4,844 on Wednesday.

Gold shares charted an erratic course. After a substantial mark up at the start in the wake of a rise in bullion, prices reacted sharply on revived uncertainty about the possibility of sales of gold by the U.S. and final quotations were only marginally dearer on balance. The Gold Mines index closed 2.1 higher at 153.7.

## Gilts quietly firm

A specialised demand in the early trading led to a fresh upturn which Gilt-edged maintained until the afternoon dealings. Then the gains were pared, but only by about 10 points, still some way below the Government broker's last operative level. Low coupon shorts were in the van, being 1 higher in places, but the average gain in the sector was usually of 1. Although Treasury bills were indicating a level which, if maintained to day, would trigger a rise in Minimum Lending Rate, the chances of this

## happening before Tuesday's Budget were considered remote.

Institutional demand for investment currency more than offset arbitrage offerings released by overseas activities in South Africa. Gold shares touched a premium rise of 10 points to 133.7, after 133.7; per cent. Yesterday's SE exchange factor was 0.8679 (0.8688).

L. Ryan made a lively return to the market; after opening at 10p the 5p share touched 10p and closed at 10p for a premium of 4 over the price ruling when the shares were suspended in 1973.

## Ins. brokers easier

Insurances were notable chiefly for a revival of activity throughout the list. Matthews Wrightson shed 1 to 193p, while Alexander Rowden and Mallet both cheaper 1 to 177p. Among Composites, San Alliance at 530p, retrieved all and a couple pence more of the previous day's fall of 10 following comment on the results.

The major clearing banks made progress in thin trading. Midland fared best at 384p, up 5, while Barclays added 4 at 342p, as did NatWest to 276p. Australian ANZ were 11 better at 243p and Bank of New South Wales 10 to the good at 470p. G. R. Dawes were quoted at 35p, the capital discount also closed higher, as fears of higher interest rates, Hira purchases closed mixed. Provident Financial improved 3 to 82p, while Western Finance lost 2 to 38p.

Beverages and Distilleries adopted the same pattern of trading as on Wednesday, fluctuating narrowly and closing with little alteration. Better-than-expected annual results pushed London Brick smartly ahead to 61p at the day's best with a rise of 5 at 660. Elsewhere in a busier Building sector, Tilbury Contracting rose 14 more to 270p, making a two-day leap of 31, following comment on the good preliminary figures. Taylor Woodrow, on the other hand, fell away sharply to 100p, in reaction to annual results which came 52p below expectations, before closing 12 easier on balance at 370p. Abernethy Cement shed 10 to 150p, following the Board's gloomy statement about current year prospects which accompanied the year's results. Fresh speculative buying lifted Marchwell 3 to 288p, after 292p, and Magnet and Southern and A.C. Cement both ended 4 higher at 132p and 240p, respectively. Bid hopes continued to bolster Brown and Jackson, a Lending Rate, the chances of this

Smith A. Elsewhere in quieter times, British Home moved up 2 to 185p with the help of Press comment. Freemans, still benefiting from recent trading news, gained 5 more to 298p and Ratner's improved 3 more to 288p, on further consideration of the increased stake taken in the group by H. Samuel. Speculative favourites were well to the fore in the Electrical sector. United Scientific stood out with a gain of 12 to 266p, while lower profits prompted a fall of 3 to 82p in Gramplan. A firm market of late on a Press suggestion that the U.K. and France are reviewing proposals for a new cross-channel project, Channel Tunnel, encountered profit-taking, and shed 6 to 53p. Bowater followed the leaders with a reaction of 4 to 188p on disappointment with the preliminary results. Dealings in Scottish and Universal Investments, 107p, were suspended at the company's request pending an announcement; this sparked off rumours that Lonrho may announce a full-scale bid. News of Lonrho's bid approach and the subsequent rejection from the "Suits" Board came well after the market close. House of Fraser gained 4 to 150p in sympathy.

## W. H. Smith dull

Profit-taking following the uninspiring annual results prompted a fall of 10 to 147p in W. H.

## Milbury gained 6 to 76p in a thin market.

A couple of dull features emerged in Chemicals. The directors warning of all profits growth in the current year depressed Albright and Wilson 7 to 107p, while Croda International lost 4 to 50p, after 49p, in reaction to the disappointing annual profits. ICI touched 368p initially but drifted down late to finish a net 3 easier at 362p. Hickson and Welch improved 5 to 168p.

## Savoy Hotel A, a firm market of late on the preliminary figures and capital proposal, fell 4 to 72p in otherwise quiet firm hotels and Caterers. Queens Moat Houses were slightly harder at 331p despite the bid denial, while Ladbrokes, 183p, and City Hotels, 104p, put on 2 apiece.

Speculative activity was again rife among secondary miscellaneous Industrials. Letraset, still on bid hopes, were particularly

## active and a further 2 dearer at 144p, while gains of around 10 were seen in Marshalls Universal, 162p, Royal Worcester, 123p, and Diploma Investments, 147p. Renewed investment support lifted Sotheby Park 6 more to 235p and similar rises were recorded in Wedgwood, 202p, Siehe Gorman, 185p, and Christies International, 95p; annual results of the last-named are due next Wednesday. Pauls and Whites attracted a good demand at 121p, up 6, and Coral Leisure, at 119p, recorded a Press-inspired gain of 4. Morgan Crucible, however, cheapened 2 to 121p, after 126p, following the annual results, and lower profits prompted a fall of 3 to 82p in Gramplan. A firm market of late on a Press suggestion that the U.K. and France are reviewing proposals for a new cross-channel project, Channel Tunnel, encountered profit-taking, and shed 6 to 53p. Bowater followed the leaders with a reaction of 4 to 188p on disappointment with the preliminary results. Dealings in Scottish and Universal Investments, 107p, were suspended at the company's request pending an announcement; this sparked off rumours that Lonrho may announce a full-scale bid. News of Lonrho's bid approach and the subsequent rejection from the "Suits" Board came well after the market close. House of Fraser gained 4 to 150p in sympathy.

## Two-way trade in BP

A combination of American selling and London buying made for a good volume of business in British Petroleum which, after improving marginally, reverted finally to the overnight level of 736p, evidently, the shares are still being quoted on the dividend in the U.K. Remaining oils were neglected, but occasionally better where changed. Esso (U.K.) gained 1 to 262p, while Triolent, 158p, and Olie Exploration, 210p, were up 2 apiece. Shell and Royal Dutch stayed at their respective overnight prices of 518p and 446p.

Overseas Traders were firm. Harrison and Crossfield rose 15 to 375p, while Ocean Wilsons finished 4 better at 82p and Patterson Zochonis 5 higher at 180p. United City Merchants were again popular, the Ordinary rising 3 to 56p and the 10 per cent. loan 4 to 56p.

Although closing on a firm note, Investment Trusts traded quietly. Edinburgh Investment Defered were raised 4 to 204p, while Rothchild Investment, 167p, and Scottish Eastern Investment, 127p, put on 2 apiece. Kingside Investment continued firmly, rising a penny for a two-day gain of 8 to a 197p peak of 56p on the bid approach from an unnamed party. After Wednesday's sharp drop, Japanese issues were quieter and little changed. In Financials, Armour Trust were active and a penny harder at 10p, after 105p.

Furness Withy featured an otherwise unexciting day's trading, closing 9 cheaper at 221p, after 220p, on the occasional small sale in an unwilling market.

A. Dunhill returned to favour in Tobacco, rising 17 to 357p in a thin market. AAT Industries were also active following news of the launch of the company's first cigarette brand in the U.K. The Deffered rose to a 197p peak of 56p on the bid approach from an unnamed party. After Wednesday's sharp drop, Japanese issues were quieter and little changed. In Financials, Armour Trust were active and a penny harder at 10p, after 105p.

## Golds erratic

After a day of erratic movements, South African Golds closed marginally firmer on balance after being marked up substantially at the outset. The initial mark up came in the wake of the sharp rise in the bullion price following the statement by Sir Anthony Solomon, the U.S. Under-Secretary of the Treasury, that "there is no special sale of gold being planned right now."

However, further reports suggesting the possibility of monthly U.S. auctions of around 300,000 to 400,000 ounces caused a setback in both bullion and gold shares, which left the Gold Mines index only 2.1 higher at 153.7, a rise which also partly reflected the firmer investment currency premium.

The bullion price was finally \$125.35 higher at \$180.125, after being \$182 at the morning fixing, per ounce, compared with the \$177.22 paid at the Wednesday's

## FOOD PRICE MOVEMENTS

	April 6	Week ago	Month ago
BACON			
Danish A1 per ton	1,060	1,060	1,060
British A1 per ton	1,035	1,035	1,035
Irish Special per ton	1,035	1,035	1,035
Ulster A1 per ton	1,035	1,035	1,035
BUTTER			
NZ per 20 lbs	11.41/11.52	11.41/11.52	11.41/11.52
English per cwt	65.69/67.38	65.69/67.38	65.69/67.38
Danish salted per cwt	70.15/72.80	70.15/72.80	70.15/72.80
CHEESE			
NZ per tonne	1,161.50	1,161.50	1,161.50
English cheddar trade per tonne	1,210.42	1,210.42	1,210.42
EGGS*			
Home produce:			
Size 4	3.40/3.50	—	3.90/4.20
Size 3	4.00/4.80	—	4.40/4.90
April 6			
Week ago			
Month ago			
BEEF			
Scottish killed sales (ex-KKFC)	52.0/53.5	50.5/52.5	49.0/53.0
Elire forequarters	38.0/40.0	35.0/38.0	—
LAMB			
English	49.0/50.0	50.0/50.0	49.0/53.0
NZ PLS-PMS	43.0/46.0	43.0/46.0	44.0/46.0
MUTTON—English ewes	—	—	—
PORK—(all weights)	33.0/42.0	36.0/42.0	36.0/42.0
POULTRY—Broiler chickens	32.5/33.0	32.5/33.0	32.0/34.5

\* London Egg Exchange price per 120 eggs. † Delivered.

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## OFFSHORE AND OVERSEAS FUNDS

[illegible]

International Pacific Inv. Mgmt. Ltd. PO Box R237, 58 Pitt St, Sydney, Aust. Investment Equity Trs. £2.85 ..... 1.00	14, Rue Aldinger, Luxembourg U.S. Tr. Inv. Fnd. .... SUSP.65 Not rated April 1978	14 07 07 0.97
J.E.T. Managers (Jersey) Ltd. PO Box 194, Royal Tst. Hse., Jersey G534 27441 Jersey External Trs. £14.0 ..... 10.00	S. G. Warburg & Co. Ltd. 30, Gresham Street, EC2 Invest. Bd. Fd. Apr. 81 ..... SUSP.39 Invest. Bd. Apr. 81 ..... SUSP.39 Gr. Inv. Fnd. May 81 ..... SUSP.55 Gr. Inv. Fnd. May 81 ..... SUSP.55	01-600 42355
Jersey Fleming & Co. Ltd. 14th Floor, Connaught Centre, Hong Kong Jersey Inv. Trs. £10.0 ..... 1.00	Warburg Invest. Mgmt. Jersey, Ltd. 1, Charing Cross St, Heller, Jgr. C1 0534 73741	
Jersey Inv. Trs. £10.0 ..... 1.00	Chf. Inv. Bd. March 30 SUSP.39	
Jersey Inv. Trs. £10.0 ..... 1.00	Chf. Inv. Bd. March 30 SUSP.39	
Jersey Inv. Trs. £10.0 ..... 1.00	Chf. Inv. Bd. March 30 SUSP.39	
NAV Mgt. 16, Equivalents SUSP.39	Chf. Inv. Bd. March 30 SUSP.39	
Kemp-Gee Management Jersey Ltd. Charing Cross St, Heller, Jersey, 0534 73741	Chf. Inv. Bd. March 30 SUSP.39	
Kemp-Gee Capital, £2.3 ..... 0.94	Chf. Inv. Bd. March 30 SUSP.39	
Kemp-Gee Income, £2.3 ..... 0.94	Chf. Inv. Bd. March 30 SUSP.39	
	World Wide Growth Management 10a, Boulevard Royal, Luxembourg Worldwide Gth Fnd. SUSP.05	

## NOTES

Prices do not include 5 premium, unless where indicated A, and are in pence unless otherwise indicated. Yields % shown in last column allow for all buying expenses & offered prices include all expenses. A 10-day's notice. A yield based on other rates. A Estimated. B Today's offering prices. C Distribution free of U.K. taxes. D Periodic premium insurance plans. E Single premium insurance. F Offered price includes all expenses & agent's commission. G Offered price includes all expenses & agent's commission. H Previous day's offer. I Net of tax on realized capital gains unless indicated by a 4. Gummy gross. S Suspended. A Yield before Jersey tax. I Ex-accumulated.

CLAVE INVESTMENTS LIMITED	
1 Royal Exchange Ave., London EC3V 3LU. Tel: 01-283 1101.	
Index Guide-as at 21st March, 1978 (Base 100 at 14.1.77.)	
Clave Fixed Interest Capital .....	135.42
Clave Fixed Interest Income .....	122.34

CORAL INDEX: Close 467-472	
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INSURANCE BASE RATES	
† Property Growth .....	8%
† Vanbrugh Guaranteed .....	7.50%
† Address shown under Insurance and Property Bond Table.	







\* A selection of Options traded is given on the London Stock Exchange Report page



**Food**  
machinery valuers

# FINANCIAL TIMES

Friday April 7 1978

**BELL'S**  
SCOTCH WHISKY  
**BELL'S**

## MPs' call for new curbs on entry rejected

By Rupert Cornwell, Lobby Staff

THE GOVERNMENT yesterday flatly rejected the call from an all party committee of MPs for tougher curbs on immigration into Britain, including an annual quota system, a possible internal control on entrants, and a ban on child dependants aged over 12.

In doing so, it has pre-empted today's presentation in Leicester of the Conservatives' keenly awaited proposals by Mr. William Whitelaw, Opposition Home Affairs spokesman.

The Tories like the Select Committee on Race Relations and Immigration, backed the quota system. But the Government has also dismissed in advance another idea they are expected to put forward for a register of immigrants' dependants still overseas.

Mr. Merlyn Rees, the Home Secretary, maintained in the Commons yesterday that sufficient controls already existed on the inflow from the Indian sub-continent. Mass immigration had ended, and no further major steps were now required.

To support his case, he pointed to the White Paper on immigration statistics issued simultaneously by the Home Office. This confirmed that overall admissions from the New Commonwealth and Pakistan dropped 20 per cent last year to 44,159, and were far below the 1972 peak of 68,519—figures swollen by the mass expulsion of U.K. passport holders from Uganda.

Virtually the only areas of agreement are that major "primary" immigration is over, that the Government cannot go back on previous commitments, and that illegal immigrants and over-stayers must be rooted out. The Home Secretary described as "inhumane" the suggestion that entry should be refused for children over 12. To institute internal controls would lead to a system of identity cards, and would reach far beyond immigration. It would therefore be pointless to set up an inquiry to examine this.

He said the Immigration authorities would be sufficiently flexible to suit the women and children had priority.

Mr. Rees' statement was greeted rapturously by the Liberals and his own backbenchers, most of whom had been astonished by the report's stern tone, even though its signatories included five Labour MPs. But the Tories were furious, convinced that it had been carefully timed to overshadow their own announcement today.

Parliament, Page 14

## Rhodesia to release hundreds of blacks

By TONY HAWKINS

SEVERAL hundred black nationalist political detainees will be freed in the next week as a result of Rhodesia's settlement agreement signed five weeks ago.

This was announced to-night by the transitional Executive Council—composed of Mr. Ian Smith and the three domestic nationalist leaders—in a statement which said that terms of the March 3 Salisbury accord required the transitional Government to consider the release of detainees.

The statement said release would be phased and would be subject to essential security safeguards. During next week the necessary orders would be signed and processed for the release of several hundred detainees.

In addition, there are 254 people who have been released from detention subject to restrictive conditions relating to movement. All these restrictions upon them are to be withdrawn, the statement added. This release of detainees had been possible by the new circumstances brought about by the settlement agreement.

## Ethiopia, Russia upset by Owen

By MARTIN DICKSON

THE RUSSIAN and Ethiopian embassies in London responded angrily yesterday to Dr. David Owen's strongly-worded attack on Soviet policy in Africa.

The Russian Embassy said the Foreign Secretary's speech on Wednesday night, at a Mansion House banquet for the diplomatic corps, had been extremely unfriendly and ad grossly distorted its policy in Africa.

Mr. Ayalew Wolde-Giorgis, the Ethiopian Ambassador, said that he had taken out of the banquet hallway through Dr. Owen's speech to demonstrate his strong resentment over the Foreign Secretary's effrontery towards Ethiopia.

In one of the bluntest attacks by a senior Western Minister on Moscow's policy in Africa, Dr. Owen gave a warning that Soviet and Cuban military involvement in the continent placed a large question mark over the future of détente.

The Russian Embassy yesterday delivered a statement to the Foreign Office criticising Dr. Owen's remarks—the Foreign Office said this did not amount to a formal protest while Mr. George Bolanos Suarez, Cuban Ambassador, arranged to see Dr. Owen on Monday. The Ethiopian Embassy said that the statement by its Ambassador was response enough.

Now, many of the detainees were prepared to support a ceasefire and work "within the principles of the agreement."

"All those released will be required to give an undertaking that they will not participate in any subversive or other unlawful activity."

### Envoy's visit

The announcement comes on the eve of the arrival in Salisbury to-morrow night of the two Anglo-American envoys—Mr. John Graham and Mr. Steven Low—who will try to arrange a full-scale all-party Rhodesian conference this month.

The move suggests that after a long period of relative inactivity—the agreement was signed five weeks ago—the transitional Government is getting under way. In the past 48 hours it has established a constitutional committee to draft a detailed constitution for Zimbabwe, it has agreed on the allocation of Cabinet portfolios in the Ministerial Council and now—in a major development—it has released the largest number of political detainees since pre-UDI days.

It has been estimated by Amnesty International that there were more than 900 blacks held in detention in Rhodesia under emergency powers and law and order regulations. The implication of to-night's settlement is that more than half—possibly considerably more—have been released or will be freed in the next week or so.

It is not clear why the formal statement said that "many" of those released have agreed to support the ceasefire implying that opponents of the settlement—supporters of the Patriotic Front of Mr. Nkomo and Mr. Mugabe—are among those being released.

It is thought here that this is an astute move designed to throw off-balance some of the critics of the settlement just as the Patriotic Front and its supporters in the frontline states and the U.S. and British Governments are preparing a new attempt to replace the Salisbury agreement with the Anglo-American one.

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## Whitehall pay deals delight Ministers

By Philip Bassett, Labour Staff

ANOTHER LARGE public sector pay deal was all but settled yesterday with the Government guidelines when the largest Civil Service union decided to recommend acceptance of a 9.5 per cent offer.

The civil servants were never likely to defeat the Government's pay policy. But the fact that 500,000 primarily white-collar workers have settled—subject to ballots in the two largest unions—on final acceptance by the other six—confirms the Government's confidence over the progress of its pay policy.

The final outcome can be expected to encourage other white-collar workers to follow suit and the sheer numbers involved will make the settlement an important success for the Government.

The executive of the Civil and Public Services Association voted yesterday to recommend acceptance of the offer when it ballots its 190,000 members.

The decision follows a similar move by the 105,000-strong Society of Civil and Public Servants earlier this week, which decided "reluctantly" to recommend the offer.

A consortium of six other Civil Service unions, representing 254,000 members, has indicated that the offer is acceptable. It is expected formally to accept the deal next week.

The offer, which is the same for all the unions involved, consolidates the 5 and 5 per cent increases of Stages One and Two of the pay policy, and gives a 9.5 per cent increase with improvements to allowances and incremental progression, as well as the elimination of some anomalies.

The Civil and Public Services Association originally claimed increases ranging from 14 to 24 per cent for these claims were dropped after the Government's determined stand against the strikers.

Mr. Ken Thomas, general secretary of the association, said after yesterday's decision: "We are not in the kamikaze business, which is what going further would mean. But we do want it to be understood that there is a large debt outstanding which we will be calling in next year."

"Shell" Transport and Trading, the British arm of Royal Dutch/Shell, said the report was "disappointed" by having confined itself largely to disclosure issues before more fundamental accounting issues.

ICI said: "We do not expect the commission to come to any firm conclusions in May and anticipate that the debate will go on for many years."

DeBeers said: "Laying down obligatory standards is likely to be counter-productive, calling for a lot of time and work and yielding few usable results, unprofitable in its concept and wholly unrealistic in execution."

Needle said: "We oppose discrimination against multinationals by putting them in a worse position than nationals."

Massey-Ferguson: "We regard the report as horrendous. It calls for information that we don't bother preparing even for internal use."

Editorial comment, Page 22

## BAT to enter UK cigarette market

By STUART ALEXANDER

BRITISH-AMERICAN Tobacco is to enter the U.K. cigarette market nationally next month with one of the biggest promotional campaigns ever seen by the industry.

The launch of two State Express 555 brands, follows two years of test marketing, and comes six years after BAT's trading agreement with Imperial Tobacco, owner of John Player and W.D. & H.O. Wills, ceased.

Under that arrangement, ended as a result of the provisions of the Treaty of Rome, BAT did not trade abroad, while Imperial did not trade abroad.

Now BAT is expanding over 55m. in its attempt to establish itself in the U.K. market. Apart from the two versions of State Express, it planned recommended prices of 55p for the Kingsize and 60p for the "International" length. Further brands are due to be launched in July.

With substantial promotional price cutting (and every effort likely to be made to hold the line) BAT's move is likely to renew the cigarette price war which has been going on for two years.

They threaten to put back the return to profitability in the king-size sector which both Imperial and its smaller rival, Gallaher, have said is badly needed.

### Investment

Although the State Express launch is costing an initial 55m., Mr. K.I. Stewart, chairman of BAT (U.K. and Export) said yesterday that the company's total investment in the attack on the U.K. market was "tens of millions."

Competitors Imperial, Gallaher and Carreras Rothmans yesterday adopted a wait-and-see policy. But most have sought to ensure that stocks with the retailers and wholesalers are high to cushion the effects of any duty rise.

Mr. Lockhart said the U.K. division was not expected to contribute to group profits at least for the first year. BAT is already a brand leader in 38 countries, has manufacturing facilities in 53 and trades in over 60.

BAT's campaign will include 5p per pack off the recommended 55p for king size plus a coupon inside worth a further 2p off subsequent purchases.

Coupons worth 5p will be sent to over 13m. homes, there will be extensive Press, poster and cinema advertising, as well as special campaigns using hot-air balloons and teams of girls giving away samples.

Mr. Mike Daube, director of Action on Smoking and Health, said the mailing of coupons to 13m. homes was "utterly irresponsible" and urged Ministers to curb the move because "it could only encourage children to smoke."

News Analysis, Page 16

## Weather

### U.K. TO-DAY

DRY, some sunshine. London, S.E. England, Channel, E. Anglia, Midlands, Lakes, Dry, with sunny periods. Max. 11C (52F).

N. England, Borders, Edinburgh, Dundee, Aberdeen, Glasgow, Cent. Highlands, Moray, Frith, Orkney, Shetland. Dry and rather cloudy at times. Max. 9C (48F).

S.W. Scotland, Argyll, N. Ireland. Dry with sunny periods. Max. 10C (50F).

Outlook: Colder, cloudier weather will spread from N. Scotland.

### BUSINESS CENTRES

Amsterdam	S	5	7	45	Madrid	C	12	5	48
Antwerp	S	7	17	65	Manchester	C	26	5	70
Bahia	S	31	8	30	Melbourne	C	26	5	70
Bombay	S	28	5	27	Montreal	C	2	5	41
Buenos Aires	S	10	5	9	Moscow	C	11	5	41
Calcutta	S	28	5	27	Newcastle	C	5	5	41
Canton	S	28	5	27	Paris	C	11	5	41
Cebu	S	28	5	27	Perth	C	22	7	42
Colon	S	28	5	27	Reykjavik	C	7	5	41
Hankow	S	28	5	27	Sao Paulo	C	13	5	41
Hong Kong	S	28	5	27	Singapore	C	31	5	41
Kobe	S	28	5	27	Tokyo	C	18	5	41
London	S	10	5	9	Yokohama	C	18	5	41
Lyons	S	10	5	9					

### HOLIDAY RESORTS

WORLDLY WEATHER					
City	Y'day		City	Y'day	
	min	max		min	max
Algeria	13	19	Istanbul	12	14
Amsterdam	13	17	Jersey	12	14
Antwerp	13	17	Las Vegas	31	33
Bombay	28	33	Los Angeles	13	15
Bordeaux	13	19	Malaga	13	19
Buenos Aires	13	19	Manila	26	28
Canton	28	33	Montreal	2	4
Cebu	28	33	Nice	13	15
Dubrovnik	13	19	Porto	13	15
Florence	13	19	Rome	13	15
Geneva	13	19	Salzburg	7	9
Hankow	28	33	Seville	13	15
Hong Kong	28	33	Toronto	13	15
Kobe	28	33	Valencia	13	15
London	10	12	Venice	11	13
Lyons	10	12			
C-Cloudy, F-Fair, R-Rain, S-Sunny					

## THE LEX COLUMN

## SUITS measures up to Lonrho

Lonrho's approach to Scottish and Universal Investments, its 29.2 per cent owned associate, has all the makings of an intriguing takeover struggle.

Lonrho is willing to offer 125p per share in its own equity (there is no cash alternative) which values SUITS at £41m. That is roughly in line with net assets, and represents a premium of 23 per cent on the market price and a p/e of maybe 15 on the basis of profits for the year just ended. And according to a majority of the independent SUITS' directors—on whose recommendation a bid is conditional—it is not enough.

Lonrho's approach to SUITS is the form of its House of Fraser shares, currently worth £18m. and its whisky business which might be valued at £12m. or more. Stripping these out leaves a capitalisation of under £10m.

Lonrho could presumably appeal directly to shareholders. But the bid underlines all the uncertainties about the value of Lonrho's paper. After all, the company is willing to contemplate an increase of over a fifth in its outstanding equity at a time when its shares are selling on a p/e of about 23 and at a discount of over 50 per cent on net assets. Unless the bid is underwritten, the market may not find the prospect of 40m. new Lonrho shares all that appealing.

A successful bid for SUITS would, however, represent another big step in Lonrho's rush for U.K. earnings. Its net assets in the U.K. now amount to over £100m., compared to total shareholders' funds of around £300m. And with SUITS under its belt, Lonrho would be out-right owner of 29 per cent of the Fraser, a business which is currently valued at £182m.

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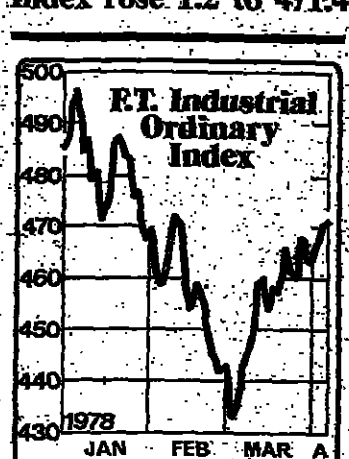
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Index rose 1.2 to 471.4



exchange rates, and on that basis July-December emerges at \$45.4m.

Bowater would still appear to have been on a profits plateau for 18 months. Here, again, however, the company insists the quality of earnings has been improving, for if end-1977 exchange rates had been used in both years, 1977's profits would have been almost a fifth ahead of those of 1976, while stock appreciation pumped a negligible sum in 1977.

Taking the figures as they stand, the main growth has come outside North America—the U.K. activities have put on almost £10m. at the trading level, with packaging doing well. But while North American profits represent only 61 per cent of the total, to hold dollar profits in sterling terms has been a good achievement, which must reflect a strong performance in its belt. Lonrho would be out-right owner of 29 per cent of the Fraser, a business which is currently valued at £182m.

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